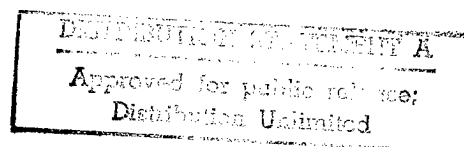


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16 APRIL 1987

# Southeast Asia Report



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16 APRIL 1987

## SOUTHEAST ASIA REPORT

## CONTENTS

## INTER-ASIAN AFFAIRS

- Malaysian Bank Reports Growth of ASEAN Economies  
(BERNAMA, 26 Mar 86) ..... 1

## BRUNEI

- Malaysian Prime Minister, Delegation Arrive 30 March  
(Kuala Lumpur International Service, 30 Mar 87) ..... 3

## INDONESIA

- PNG Mission Calls on Suharto; Other Leaders  
(THE JAKARTA POST, 24 Mar 87) ..... 4

## Briefs

- New Satellite To Be Operational 5  
Mokhtar on Irian Jaya Situation 5  
Ambassador to Bulgaria Dies 6  
Pesisir Selatan, Solok Television 6  
Kalabahi Television Station Inaugurated 6  
LNG Contract With Taiwan 6  
Exchanging Consulates With PNG 6  
Mokhtar on East Timor Students 6

## MALAYSIA

- UK Defense Official's News Conference Reported  
(BERNAMA, 30 Mar 87) ..... 7

- Deputy Prime Minister Explains State of Economy  
(BERNAMA, 30 Mar 87) ..... 8

## Briefs

- 1986 Palm Oil Export 9

1986 Trade Surplus	9
Defense Minister Meets Younger	9
Views on Elections, Foreign Influences	10
Outgoing Australian High Commissioner	10

## PHILIPPINES

NDF Seeks Ouster of U.S. 'Operatives' (MANILA BULLETIN, 22 Feb 87)	11
Intelligence Chief: USSR 'Ignoring' Diplomatic Procedures (MANILA BULLETIN, 18 Mar 87)	12
EEC Cancels Food Aid Programs Over New Standards (BUSINESS DAY, 20 Mar 87)	13
Officials Says Sabah Claim 'About To Be Resolved' (PHILIPPINE DAILY INQUIRER, 21 Mar 87)	15
Aquino Affirms 'Full Confidence' in Arroyo (MANILA BULLETIN, 22 Mar 87)	16
Rules on Holding Multiple Government Posts (Vicente Foz; MANILA BULLETIN, 23 Feb 87)	18
Laurel Reported Unhappy Over Aquino Senate Slate (ANG PAHAYAGANG MALAYA, 22 Feb 87)	20
Columnists Criticize Aquino Senate Slate (ANG PAHAYAGANG MALAYA, 23, 24 Feb 87)	22
Chance for Credible Opposition, by Luis R. Mauricio	22
'New KBL' Shaping Up, by Renato Constantino	23
Article Explains Charter Provisions on Election (Vicente B. Foz; MANILA BULLETIN, 23 Feb 87)	25
Columnist Reports Opposition Plans for Smear Campaign (Jesus Bigornia; MANILA BULLETIN, 23 Feb 87)	26
Bernas Supports Opposition Charter Commissioners for Office (Joaquin G. Bernas; PHILIPPINE DAILY INQUIRER, 27 Feb 87)	27
CHRONICLE Analyzes NDF Poll Participation (Amando Doronila; THE MANILA CHRONICLE, 26 Mar 87)	29
Comelec Creates Law-Enforcement Teams for Polls (Manila Far East Broadcasting Company, 29 Mar 87)	32
Osmena Praises Aquino, Cites Improvements (MANILA BULLETIN, 23 Feb 87)	33

Social Minister Criticized on Opposition to Family Planning (Beth Day Romulo; MANILA BULLETIN, 24 Feb 87) .....	34
Columnist Hits Role of Opus Dei, Exposes Membership (Hilarion M. Henares; PHILIPPINE DAILY INQUIRER, 27 Feb 87) .....	36
Leyte Editor Hits Manila Failure To Consult With Provinces (Ted Marcos; EASTERN VISAYAS MAIL, 29 Dec 86-4 Jan 87)	38
Editorial Alleges PCGG Malice, Falseholds (MANILA BULLETIN, 22 Feb 87) .....	40
Aquino Appoints 2 Defense Undersecretaries (ANG PAHAYAGANG MALAYA, 22 Feb 87) .....	42
Retired General 'Justifies' Military Role in Politics (Eduardo M. Garcia; ANG PAHAYAGANG MALAYA, 22 Feb 87) ...	43
Security Increased in Manila Against Rebel Squads (Manila Far East Broadcasting Company, 26 Mar 87) .....	47
Aquino Backs Police Crackdown on Hit Squads (Manila Far East Broadcasting Company, 30 Mar 87) .....	48
Ramos Orders Evaluation of Small, Large Military Units (Jose De Vera; MANILA BULLETIN, 28 Mar 87) .....	49
Ramos Streamlines Luzon Regional Unified Commands (Manila Far East Broadcasting Company, 26 Mar 87) .....	51
Ileto on Military, Civil Anti-Insurgency Issues (MANILA BULLETIN, 26 Mar 87; Manila Radio Veritas, 30 Mar 87) .....	52
Confident of Solving Insurgency Problem	52
Urges AFP To Be 'Neutral, Professional'	53
Alliance Urges Army, NDF To Suspend Attacks (THE MANILA CHRONICLE, 27 Mar 87) .....	54
UNGA President, Islamic Body Oppose Mindanao Secession (MANILA BULLETIN, 22 Feb 87) .....	55
Bishop Prompts Sin To Clarify Counterinsurgency Remark (Nimfa Rueda; PHILIPPINE DAILY INQUIRER, 27 Feb 87) .....	56
Alsa-Masa Group Parades Remains of 'NPA Victims' (Ed C. Perpena; PHILIPPINE DAILY INQUIRER, 26 Mar 87) ...	57
Rebels Reported Planting Bombs in Rice Fields (Vulu Principe; THE MANILA TIMES, 27 Mar 87) .....	59

Sugar Planters Form Anti-Rebel Vigilante Group (AFP, 28 Mar 87) .....	61
Editorial, Cartoon Hit Military on EDSA Anniversary (ANG PAHAYAGANG MALAYA, 24 Feb 87) .....	63
Strategic Studies Center Views Insurgency Roots, Solution (PHILIPPINE DAILY INQUIRER, 27 Feb 87) .....	65
Aquino Labor Day Pronouncements Take Effect (BUSINESS DAY, 23 Mar 87) .....	67
14 IMF-Monitored Government Firms Still in Deficit (MANILA BULLETIN, 24 Feb 87) .....	68
Move From IMF 'Standby Arrangement' Planned (Juanito C. Concepcion; MANILA BULLETIN, 31 Mar 87) .....	69
Foreign Buyers in SMC Must Lack Marcos Ties (Ramon R. Isberto; BUSINESS DAY, 24 Mar 87) .....	71
Ongpin Sees Debt Rising to \$35 Billion in 1992 (MANILA BULLETIN, 22 Feb 87) .....	73
Deficit May Increase by 1 Billion Pesos in 1987 (MANILA BULLETIN, 24 Feb 87) .....	74
\$62 Million Trade Deficit Recorded in January (BUSINESS DAY, 23 Mar 87) .....	75
Paper Reports Shrinking Coconut Export Market (BUSINESS DAY, 23 Mar 87) .....	76
Tariff Commission Recommends Accelerated Work Liberalization (MANILA BULLETIN, 23 Mar 87) .....	78
Economic Indicator on Unmanufactures Exports Gain (BUSINESS DAY, 24 Mar 87) .....	79
Jan-Nov Silver Production Down 1.42 Percent (BUSINESS DAY, 25 Mar 87) .....	81
Indicator on Mixed Indices for Manufacturing (BUSINESS DAY, 26 Mar 87) .....	83
Metal Exports Improve 4.53 Percent (BUSINESS DAY, 27 Mar 87) .....	85
Increase in Investments Reported for February (BUSINESS DAY, 30 Mar 87) .....	87

Report Shows Fall in Number of Striking Workers (BUSINESS DAY, 30 Mar 87) .....	88
Employers Oppose Labor Demand for More Pay (BUSINESS DAY, 31 Mar 87) .....	89
Briefs	
Aquino on Salaries	90
Bow Attack Kills 7	90
Aquino Campaigns in Mindoro, Palawan	90
Aquino Against NPA	90
Anti-NPA Rally	91
7 Areas 'Critical' for Polls	91

#### SINGAPORE

Visiting UK Official Discusses British Presence in Asia (Singapore Domestic Service, 31 Mar 87) .....	92
--	----

#### THAILAND

Visiting French Official Meets With Foreign Minister (Bangkok Voice of Free Asia, 30 Mar 87) .....	93
Deputy Foreign Minister Reports on Trip to ROK, Japan (Bangkok Domestic Service, 28 Mar 87) .....	95
Paper Poses Questions for Laos To Answer at Talks (Editorial; SIAM RAT, 25 Mar 87) .....	96
Editorials View Souban Visit, Lao-Thai Relations (THAI RAT, NAE0 NA, 28 Mar 87) .....	98
Paper Wants Negotiations With Malaysia on Sea Limits (Editorial; THE NATION, 30 Mar 87) .....	99
THE NATION Says Chawalit Sets Up 'Think Tank' (THE NATION, 24 Mar 87) .....	101
4 Jets Crash in 'Blackest Day' of Air Force (BANGKOK POST, 28 Mar 87) .....	103
25 More CPM Insurgents Surrender in South (THE NATION, 29 Mar 87) .....	105
Document Details Communist Movement (KHA0 PH1SET, 11-17 Mar 87) .....	107
Ministry 'Source' Defends Controversial Rice Export Policy (Peter Maitri Ungphakon; THE NATION, 24 Mar 87) .....	111

Official Says Paddy Price Reaches 6-Year High (BANGKOK POST, 25 Mar 87) .....	112
Government Assistance to Rice Farmers Discussed (Bangkok Domestic Service, 27 Mar 87) .....	113
Central Bank Sets Monetary Guidelines (THE NATION, 27 Mar 87) .....	114
Briefs	
Progressive Party Elects Officers	117
Polish Ambassador Completes Assignment	117
Balance of Payments Surplus	117
Trade Agreement With Turkey	117
Canadian Development Aid	117
Aviation Accord With Burma	118
Textile Export Figures	118
Cambodian Refugee Figures	118
Sugarcane Harvest Down	118
Offshore Gas Deliveries	119
Foreign Exchange Controls Relaxed	119
Rice Prices Increased	119
Defectors in Rehabilitation Course	119
Rice Exports Up	120
Cooperation With Canada	120

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MALAYSIAN BANK REPORTS GROWTH OF ASEAN ECONOMIES

BK260659 Kuala Lumpur BERNAMA in English 0631 GMT 26 Mar 87

[Text] Kuala Lumpur, 26 Mar (OANA-BERNAMA)--The real output growth of the ASEAN economies as a whole is expected to rise 3.1 percent this year with prospects for a modest recovery in the prices of major commodities and external demand, the Malaysian Central Bank said.

The Central Bank said in its 1986 annual report the balance of payments current account positions of the ASEAN nations in general is also expected to improve.

The economies of ASEAN which groups Malaysia, Indonesia, Thailand, the Philippines, Singapore and Brunei, improved this year with real gross domestic product (GDP) accelerated to two percent from 0.5 percent in 1985.

Most of the ASEAN countries managed to reduce their balance of payments current account deficit or turning it into a surplus.

Except for Indonesia, inflation situation continued to improve in the region despite lower oil prices, lower interest rates and sluggish domestic demand.

During the year, monetary conditions were slightly easier in most ASEAN economies, reflecting the need to stimulate investment and increase production activity in an environment of sluggish demand.

The Thai economy expanded by 3.8 percent due to the improved performances in the non-agricultural sectors, particularly manufacturing, aided by cheaper oil prices, tourism and trade.

The sustained growth of two percent in Indonesia was mainly due to the increase in value added of the mining and wholesale and retail sectors. Malaysia, the Philippines and Singapore recovered from declines in output in 1985, with growth rates varying between 0.1 percent and 1.9 percent.

The bank said the turnaround in output performance in Malaysia is attributable to the improved performance of the manufacturing sector, especially of the export-oriented industries, higher petroleum output and sustained growth in the agricultural sector.

Despite the upturn in economic activity, unemployment worsened in most ASEAN countries, according to the bank.

Although employment increased marginally in the agro-sector which continued to absorb the largest proportion of the labor force of ASEAN countries except Singapore, it failed to [words indistinct] retrenchment in other sectors of the economy in the region.

Inflation, however, eased in the region, with the weighted average rate of inflation slowing down from 7.5 percent in 1985 to [figure and words indistinct] last year.

Combined trade balance of the ASEAN economies increased to record a slightly larger surplus of U.S. \$5.8 billion from U.S. \$5.5 billion in 1985, aided by the generally sharper decline in imports in relation to exports last year.

During the year, exports of the ASEAN countries declined by 3.9 percent due mainly to the depressed commodity prices.

Given the lower export earnings, most ASEAN economies responded by further cutbacks in imports, which fell by 6.1 percent.

/12624

CSO: 4200/449

BRUNEI

MALAYSIAN PRIME MINISTER, DELEGATION ARRIVE 30 MARCH

BK300920 Kuala Lumpur International Service in English 0600 GMT 30 Mar 87

[Text] The prime minister, Datuk Sri Dr Mahathir Mohamed, has arrived in Bandar Seri Begawan to begin a 26-hour working visit to Brunei Darussalam. He was received on arrival at the airport by the Brunei Minister of Defense [as heard], Pengiran Jefri Pengiran DiGadong. The prime minister is accompanied by a 23-man delegation including three cabinet ministers, the chief of the Armed Forces, General Tan Sri Ghazali Che Mat, and the inspector general of police, Tan Sri Haniff Omar.

After a private lunch, the prime minister will be granted an audience by His Royal Highness, the Sultan of Brunei. This will be followed by a meeting between both leaders. As the prime minister is conferring with the Sultan, the respective ministers and senior officials will hold separate talks with their counterparts.

The talks are expected to cover a wide range of topics. They include political, socioeconomic and defense matters. Datuk Sri Dr Mahathir is expected to stress on the need for increased trade opportunities especially between Brunei Darussalam and the federal territory of Labuan.

Malaysia at present exports about 70 million ringgit worth of products to Brunei, mostly manufactured products, food items, and machinery. The imports from Brunei to Malaysia are minimal. Datuk Sr Dr Mahathir will ask Brunei businessmen to establish industries on Labuan in view of the free port status of the island. In this respect, leaders of both countries will have to work out immigration procedures, especially those related to holders of certificate of identity in Brunei. The question of air services is also expected to be raised. The Royal Brunei Airlines operates two weekly services between Bandar Seri Begawan and Kuala Lumpur while MAS (Malaysian Airlines System) operates a weekly service. The Royal Brunei Airlines owns about 10 percent of MAS' shares.

/12624

CSO: 4200/448

PNG MISSION CALLS ON SUHARTO; OTHER LEADERS

BK310855 Jakarta THE JAKARTA POST in English 24 Mar 87 p 1

[Text] Jakarta (JP)--A visiting delegation from Papua New Guinea paid a courtesy call on President Suharto at Bina Graha Monday [23 March] as relations between Jakarta and Port Moresby warm up following the treaty of friendship and cooperation signed by the two neighboring nations late last year.

Speaker Brown Sinamoi, leader of the delegation, told newsmen after the meeting that he was happy to be able to see development in progress in Indonesia. He said Papua New Guinea hoped to emulate Indonesia in its development efforts.

Sinamoi said the treaty of mutual respect, friendship and cooperation signed in October last year could serve as a strong basis for closer political, economic and cultural relations between the countries.

He said his government had decided to adopt some parts of the Indonesian education system. An agreement to that effect was signed recently in Port Moresby. Sinamoi, who arrived here Friday for a week-long visit, met with Indonesian parliamentary leaders on Saturday for talks on ways to strengthen relations between the two nations.

Relations between Jakarta and Port Moresby were strained after thousands of people in Indonesia's Irian Jaya province crossed the border into Papua New Guinea following clashes between Indonesian troops and rebels of the so-called Papua Movement.

Sinamoi dismissed the Indonesians who crossed the border merely as "traditional border crossers." A member of his delegation said relations between the two nations should not be judged only from the border crosser issue.

"Indonesia is not only Irian Jaya," he said.

/12624  
CSO: 4200/445

## BRIEFS

NEW SATELLITE TO BE OPERATIONAL--The B-2-P Palapa satellite will provide telecommunications services via satellite along with the Palapa B-1 satellite as of 9 April. During the inauguration of the Telecommunication Cable Network Maintenance Center of the Bandung Regional Telephone Office yesterday, Minister of Tourism, Post, and Telecommunications Akhmad Tahir said the antenna of the Palapa B-2-P satellite was opened to the operational position on Wednesday. A communications test and stabilization process have also been completed. Thus, Minister Akhmad Tahir said the Telecommunications Corporation had succeeded in maintaining the reliability of the Palapa Domestic Satellite Communication System as part of the national telecommunication system. In accordance with the broad outlines of state policies, telecommunications development is aimed at enhancing the quality of services in addition to broadening the scope of the network. For this purpose, efforts must be made to develop and maintain the telecommunications system. This being the case, the Telecommunications Corporation plans to build cable network maintenance centers in several large cities in Indonesia because the cable is a component susceptible to disruptions. [Text] [Jakarta Domestic Service in Indonesian 0700 GMT 27 Mar 87 BK]

MOCHTAR ON IRIAN JAYA SITUATION--Foreign Minister Mokhtar Kusumaatmaja has said that special attention must be given to Irian Jaya as the only [as heard] territory sharing a land border with a neighboring foreign country. Irian Jaya Province should be developed because everything taking place in the border areas will receive particular attention abroad. Minister Mokhtar said this to Radio Republik Indonesia at Frans Kaisiepo Airport, Biak, this morning at the end of a 2-day visit to Irian Jaya. On the issue of Indonesian border crossers in Papua New Guinea, the foreign minister said that the situation in this region was calm and that many border crossers had returned home. [Begin Mokhtar recording] I have seen many changes in this region. The situation seems to be calm. [Words indistinct] many have returned home thanks to greater understanding by our neighbor, Papua New Guinea. Papua New Guinea has sent its officials, newsmen, and parliamentarians here. Thus, they were able to see for themselves that the situation here is not the same as portrayed by anti-Indonesian circles. [end recording] Minister Mokhtar Kusumaatmaja noted the rapid development in Irian Jaya. The intelligentsia there are putting greater emphasis on the development of human resources. [Text] [Jakarta Domestic Service in Indonesian 0600 GMT 31 Mar 87 BK]

AMBASSADOR TO BULGARIA DIES--Indonesian Ambassador to Bulgaria R. Sayib Basuki Sastroharjojo died of illness at the age of 61 in Sofia on Wednesday [18 March]. His remains were flown to Jakarta today and will be buried here tomorrow. [Summary] [Jakarta TVRI Television Network in Indonesian 1200 GMT 22 Mar 87 BK]

PESISIR SELATAN, SOLOK TELEVISION--The information minister on 21 March symbolically inaugurated two television stations for Pesisir Selatan and Solok Districts respectively. With the opening of these two transmitter stations, south Sumatera now has nine television stations. [Summary] [Jakarta Domestic Service in Indonesian 1200 GMT 24 Mar 87 BK]

KALABAHI TELEVISION STATION INAUGURATED--Foreign Minister Mokhtar Kusumaatmaja inaugurated a television transmitter station in Kalabahi, East Nusatenggara Province, on 18 March. The transmitting power of the station is 300 watts. [Summary] [Jakarta Domestic Service in Indonesian 1200 GMT 24 Mar 87 BK]

ING CONTRACT WITH TAIWAN--Indonesia and Taiwan have signed an agreement under which Taiwan will buy 1.5 million metric tons of liquified natural gas from Indonesia annually beginning 1990. The agreement was signed in Jakarta on 19 March 1987 by Abdul Rakhman Ramli, president director of the State Oil and Gas Company, and Yao Sheng Chen, chairman of Taiwan's Chinese Petroleum Corporation. [Summary] [Jakarta MERDEKA in Indonesian 20 Mar 87 pp 1, 11 BK]

EXCHANGING CONSULATES WITH PNG--Foreign Minister Mokhtar Kusumaatmaja has said that no problems stand in the way of opening a Papua New Guinean consulate in Jayapura, Irian Jaya, and an Indonesian consulate in Vanimo or some other place in Papua New Guinea. The opening is only a matter of time for both sides. Speaking in Jayapura yesterday, he said that the opening of the two consulates had been postponed for financial reasons because of the world recession, which has affected both countries as developing nations. In addition, Papua New Guinea has asked Indonesia to immediately establish a highway link between Wutung in Papua New Guinea and (Skou) in Jayapura Regency, Indonesian Irian Jaya, to facilitate land transportation between the two countries, which must currently be undertaken by air. [Text] [Jakarta Domestic Service in Indonesian 2300 GMT 30 Mar 87 BK]

MOKHTAR ON EAST TIMOR STUDENTS--Indonesian Foreign Minister Mokhtar Kusumaatmaja disclosed in Jakarta yesterday that the Dutch Embassy in Jakarta had renounced responsibility for four East Timorese students who some time ago tried to obtain Portuguese passports through the embassy. In his weekly news conference at the Foreign Office, Minister Mokhtar said the four students are actually studying in Jakarta. Two of them were detained by the Jakarta police for illegal possession of firearms, but were released again after being questioned. Meanwhile, during the news conference, asked to comment about a recent statement of Singapore Minister of Defense [title as heard] Lee Hsien Loong on the limitation of (?military) duties to Malays in that country, Minister Mokhtar said it was a pure internal affair of Singapore. It was not a problem for Indonesia, he added, but the [words indistinct] taken by Minister Lee to limit the role of Malays in the Singapore Armed Forces would weaken and make difficulties for the Singaporean Government to materialize a process of national identity of Singapore, he commented. [Text] [Jakarta International Service in English 0800 GMT 27 Mar 87 BK] /12624

UK DEFENSE OFFICIAL'S NEWS CONFERENCE REPORTED

BK300944 Kuala Lumpur BERNAMA in English 0859 GMT 30 Mar 87

[text] Kuala Lumpur, 30 Mar (OANA-BERNAMA)--Britain will give its "blessing" if Brunei Darussalam decides to join the five-power defence arrangement, British Secretary of State for Defence George Younger said Monday.

Younger, who also reaffirmed his country's commitment to the arrangement, said: "I have made clear the British position on Brunei coming in as one of the members and it's very much a matter for Brunei to raise it directly with the other members."

The other signatories of the 1970 ratified arrangement are Malaysia, Australia, New Zealand and Singapore.

"We'll give them (Brunei Darussalam) our blessing if they do decide (to join)," he told a news conference at the British High Commission here.

He said the British still had considerable interest in Southeast Asia adding: "We regard it very important to keep in contact with the common issues, especially on how best to deal with the threat to free democratic countries in the region."

On bilateral defence cooperation between Britain and Malaysia, he said it was "very much alive and well."

He said his country was ready to help Malaysia in the training of personnel and acquiring of equipment.

On the possibility of the acquisition of British-made Wasp naval helicopters for the Royal Malaysian Navy, he said that it was up to Malaysia to make a decision on this.

Younger also said that under the five-power defence arrangement, there were a number of military exercises where the British might deploy a strong contingent of forces.

This included the possibility of deploying Tornado tactical fighters for the integrated air defence system exercise over Malaysia next year.

/12624

CSO: 4200/446

DEPUTY PRIME MINISTER EXPLAINS STATE OF ECONOMY

BK300633 Kuala Lumpur BERNAMA in English 0614 GMT 30 Mar 87

[Text] Petaling Jaya, near Kuala Lumpur, 30 Mar (OANA-BERNAMA)--Deputy Prime Minister Ghafar Baba Monday described the national economy as "study and improving". The government had no need to borrow to pay the salaries of civil servants, he said explaining the two or three days' delay in paying February salaries.

He pointed out that the payment of salaries were made by government officers who themselves were in the salary list and who would not want a delay in the payment. What had actually developed was a technical hitch.

Of the state of the economy, Ghafar said that when the government prepared the budget for this year, government revenue was based on the price of palm oil at M\$430 (about U.S. \$172) per ton and crude oil at U.S. \$13 per barrel.

But the prices had increased now, he said.

Even if the prices of these commodities had plunged below the expected levels, the country had adequate reserves to cater for national expenditure for months, he said.

Ghafar also said the country would continue to produce primary commodities and at the same time develop heavy industries.

The industries would be developed cautiously to ensure that there were markets for the products.

The market factor would also be applied to agriculture products, through massive integrated projects, such as those identified for launching in Johor, Pahang and Sabah, he said.

On the cooperative movement, Ghafar said the government wanted to beef up the performance of cooperatives so that they would be a dynamic force and catalyst for economic progress and help foster greater national unity.

It wanted the membership of cooperatives to reach the five million mark by the year 2000, he said.

/12624

CSO: 4200/446



## BRIEFS

1986 PALM OIL EXPORT--Malaysia, the world's largest producer and exporter of palm oil, exported 4.55 million metric tons of the commodity in 1986, a 32.6-percent increase over the 3.43 million metric tons exported in 1985. This was disclosed by an official report in Kuala Lumpur on 19 March. However, revenues dropped 25.2 percent to \$1.22 billion compared to 1.63 billion in 1985 due to lower prices in 1986. [Summary] [Kuala Lumpur International Service in English 0800 GMT 19 Mar 87 BK] /12624

1986 TRADE SURPLUS--Kuala Lumpur, 31 Mar (OANA-BERNAMA)--Malaysia managed to chalk up a 3.3 percent higher trade surplus to 7.82 billion ringgit (about U.S. 3.115 billion dollars) in 1986, a year marked by severe decline in commodity prices, from 7.57 billion ringgit (U.S. 3.015 dollars) the previous year, the statistics department reported Tuesday. Of this, the surplus in direct foreign trade increased by 7.7 percent to 8.36 billion ringgit (U.S. 3.33 billion dollars) but this was offset by a widening deficit in the country's trade with Singapore totalling 546 million ringgit (U.S. 217.52 million dollars) from 183.2 million ringgit (U.S. 72.98 million dollars, up some 200 percent. Exports in 1986 fell by 5.8 percent to 35.80 billion ringgit (U.S. 14.26 billion dollars) from 38.01 billion ringgit (U.S. 15.14 billion dollars) a year ago and the situation was helped by an 8.05 percent fall in the import bill to 27.98 billion ringgit (U.S. 11.14 billion dollars) from 30.43 billion ringgit (U.S. 12.12 billion dollars). Exports of semi-conductors, commonly known as electronic chips, replaced crude petroleum as the country's largest single revenue earner last year, netting 5.79 billion ringgit (U.S. 2.3 billion), commanding 16.2 percent of total exports. [Text] [Kuala Lumpur BERNAMA in English 1150 GMT 31 Mar 87 BK] /12624

DEFENSE MINISTER MEETS YOUNGER--The Defense Ministry had successfully trained 350 military officers from the United Kingdom since 1976. The training was conducted at the Ministry of Defense Military Staff College and also at the Infantry Training Center in Johor Baharu. Defense Minister, Datuk Abdullah Ahmad Badawi, said this when he met his British counterpart, Mr George Younger, who called on him at his office in the federal capital today. The United Kingdom, on the other hand, had trained about 234 Malaysian military officers. The military personnel from the two countries will be involved in a joint military exercise next month in Johor Baharu. Malaysia and the United Kingdom are members of the 5-Power Defense Pact countries. Mr Younger also called on Deputy Defense Minister, Datuk Abang Abu Bakar. The British delegation flew in to the federal capital yesterday for a three-day visit to the country. Before this, the British delegation visited Thailand and Brunei Darussalam. On Monday, they will leave for Singapore. [Text] [Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 28 Mar 87 BK]

VIEWS ON ELECTIONS, FOREIGN INFLUENCES--Prime Minister Datuk Sri Dr Mahathir said he will continue to hold his position in UMNO (United Malays National Organization) even though he wins the upcoming party election by a one-vote majority. The prime minister, who is concurrently UMNO president, said there are rumors saying he will relinquish his position if he fails to achieve a big majority in the party election. When attending a tea party hosted by the Brunei Malaysian Citizens' Association this afternoon, he stressed that his victory during the upcoming party election would be based on his service record to the party and the nation all this while. Datuk Sr Dr Mahathir also stated that there are certain foreign countries trying to influence people to choose weak leaders during the party election next month to lead the nation so that these weak leaders can bow to their demands. [Text] [Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 30 Mar 87 BK]

OUTGOING AUSTRALIAN HIGH COMMISSIONER--Relations between Australia and Malaysia are stable and positive. Outgoing Australian High Commissioner to Malaysia David Evans said this after paying a courtesy call on Penang Chief Minister Dr Lim Chong Eu on 19 March. Mr Evans is touring the country before completing his 3-year tenure in April. [Summary] [Kuala Lumpur Domestic Service in Malay 1230 GMT 19 Mar 87 BK]

/9716

CSO: 4213/72

NDF SEEKS OUSTER OF U.S. 'OPERATIVES'

Manila MANILA BULLETIN in English 22 Feb 87 pp 1, 13

[Text]

The National Democratic Front (NDF) demanded yesterday the expulsion of Maj. Gen. John Singlaub, Roy Kline, operatives of the US Central Intelligence Agency (CIA), and others allegedly engaged in covert operations in the country.

NDF spokesman and negotiator Antonio Zumel said in a statement that there is "growing US direct intervention" in Philippine affairs "despite official denials from the US government and from local civilian and military authorities."

"The direct involvement of Singlaub and operatives of the Central Intelligence Agency is only the tip of the iceberg," he said. "It mirrors the extremism to which US imperialism would go in order to preserve its strategic interests in the country while hiding behind the cloak of anti-communist crusade."

Zumel added that the involvement of foreign

nationals, notably Americans, whether as mercenaries or as unofficial operatives of the US, "only threatens to escalate the spiral of violence so brutally exhibited in the Mendiola and Lupao peasant massacres, which were perpetrated by US-equipped fascist troops."

Already, the Aquino government's land reform program is peopled by such counter-insurgency experts as Roy Prosterman, a Washington-based veteran of the Vietnam and El Salvador covert wars, he said.

"We warn that the Aquino government's toleration of US mercenary operations here, adds a global dimension to the armed conflict which threatens to plunge the country into a conflagration directly involving foreign powers," he said.

"It further calls into question the government's real intentions and those of the US, behind such socioeconomic impact pro-

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CSO: 4200/453

INTELLIGENCE CHIEF: USSR 'IGNORING' DIPLOMATIC PROCEDURES

HK181317 Manila MANILA BULLETIN in English 18 Mar 87 p 8

[Text] The head of the country's intelligence arm criticized the Soviet Embassy Monday for violating normal diplomatic procedures by ignoring Philippine customs and immigration laws.

Retired Brigadier General Luis Villareal, chief of the National Intelligence Coordinating Agency (NICA), said Soviet diplomats and their visitors do not pass through the customs and immigration channel when they arrive or leave the country.

"They go directly to the tarmac and... from thier car when they leave, directly board the plane," Villareal said in an interview on state-run television.

"When they arrive, there's a car waiting for them down there and they go directly to their car... and the baggages do not pass through the normal route," he said.

Villareal said although diplomats are exempt from having their bags opened, "We feel that as diplomats they should obey and follow the regulations of the host country."

Foreign Affairs Secretary Salvador Laurel said, however, that the problem was brought to his attention several months ago and that the rules are now being enforced.

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CSO: 4200/433

EEC CANCELS FOOD AID PROGRAMS OVER NEW STANDARDS

HK201033 Quezon City BUSINESS DAY in English 20 Mar 87 p 20

[Text] The European Economic Community (EEC) has cancelled food aid programs to the Philippines in an aparent retaliation for the country's conservative contamination standards for food imports. The standards were imposed last year by the Philippine Government after the meltdown of the Soviet Chernobyl nuclear plant.

A telex message to Vice President and Foreign Minister Salvador Laurel, Philippine Ambassador to the EEC Rosario G. Manalo said the EEC has already stopped shipment of about \$7 million worth of food aid. [sentence as published]

[She said this could threaten future grants from both private and government sources in the EEC unless the Philippines would revise its radiation contamination criteria particularly for dairy products.

The cancelled shipments consisted of 3,300 metric tons of skimmed milk powder and 10,000 metric tons of cereals. The cancellation also negated the new EEC food policy negotiation by a Philippine mission to provide allocations on a cost, insurance and freight (CIF), instead of free on board (FOB) basis to facilitate shipments.

The Philippines last year imposed 22 becquerels per kilo as the acceptable level of radioactivity for imported milk powder. The EEC standard level is 370 becquerels per kilogram.

This resulted in the rejection of substantial amount of European exports to the country, including the return to a Rotterdam trader of several cans of Birch Tree milk powder which failed to meet the Philippine criterion.

Citing results of a recent experts meeting of the Food and Agricultural Organization (FAO) which upheld the EEC-SEO contamination level, Manalo recommended a revision of the Philippine standard.

The ambassador also sought a political mandate to negotiate with the EEC commission to improve access to the Community of Philippine sweet potato and coconut oil exports in exchange for corresponding changes in the Philippine level of radioactive contamination for foodstuffs.

"This food aid issue is also being used as a leverage by the EEC to keep at bay RP [Republic of the Philippines] requests for improved trade access for certain products such as coconut oil and sweet potatoes. The resolution of RP food aid problem could be a basis or a bargaining point in getting certain trade concessions," Manalo said in her telex to Laurel.

At the height of the contamination controversy last year, the Philippines sought to check the entry of tradioactivity-contaminated food from European countries affected by the nuclear disaster. It established acceptable levels then deemed "safe" standard for the entry of food imports from affected countried.

Experts, including those from the Philippine Atomic Energy Commission and the Bureau of Food and Drugs, tested samples of retailed foodstuff imported before the nuclear meltdown tragedy.

The 22 becquerels standard was set on the basis of the average radioactivity content of examined food items.

However, cancer experts admit that the apporpriate amounts of radioactivity content a person or livestock can take before it falls victim to its effects have yet to be determined.

Among adverse effects of exposure to high radioactivity levels are cancer, falling hair, nausea and health deteroriation.

Based on this scientific uncertainty, the Philippines then decided to adopt a conservative stance.

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CSO: 4200/433

PHILIPPINES

OFFICIALS SAYS SABAH CLAIM 'ABOUT TO BE RESOLVED'

HK230415 Manila PHILIPPINE DAILY INQUIRER in English 21 Mar 87 pp 1, 10

[Text] The controversial Philippine claim on the North Bornean state of Sabah is "about to be resolved in a matter of months," a ranking official of the Department of Foreign Affairs (DFA) said yesterday.

Sabah is adjacent to the Philippines' southernmost island. Aside from being the biggest state in the Malaysian federation, it is rich in oil, timber, natural gas and other resources.

The Philippine claim on Sabah had been raised on two occasions in the past. The first was made during the term of then President Macapagal, the other during the term of President Marcos.

Both attempts, however, resulted in an impasse. Instead of resolving the issue, the claim even resulted in the temporary severance of diplomatic ties between Manila and Kuala Lumpur.

"Whatever decision is reached will please both countries," the DFA official said.

The same official added that the results of the negotiations may be announced to coincide with the scheduled Manila summit of the Association of Southeast Asian Nations (ASEAN) in December.

He refused to give details on the issue, however, "since the negotiations are at a very delicate stage."

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CSO: 4200/433

AQUINO AFFIRMS 'FULL CONFIDENCE' IN ARROYO

HK231045 Manila MANILA BULLETIN in English 22 Mar 87 pp 1, 9

[Text] President Aquino affirmed her full confidence in Executive Secretary Joker Arroya yesterday but fell short of declaring that the controversial official will be staying indefinitely, saying that if she decides to let him keep his job, she would still be taking in persons to assist Arroyo in streamlining work at the Guest House.

The president reiterated that Arroyo can continue to say as executive secretary "so long as I believe that he is still needed."

"Even if Arroyo continues to stay here, I will still be calling on certain people to help out. If he does not continue working here, I will still be calling on him; he has given me very worthwhile recommendations and suggestions," President Aquino said.

Speaking to members of the Malacanang Press Corps over lunch at the Palace Guest House, Mrs Aquino opened herself to questions, many of them on the fate of Arroyo and the alleged rift between him and members of the so-called "Council of Trent" headed by Finance Secretary Jaime Ongpin.

Not one person will be substituting for Joker," the president said. "I will be getting some people in addition to Joker to boost the capabilities of his office."

The president also requested media not to divide her cabinet between "nationalists" and members of the "Council of Trent."

"I think we are all nationalists. I would like to think that all the people helping me and the government are not only nationalists but are among the most outstanding Filipinos who want the best for our country," Mrs Aquino said.

Mrs Aquino said her efforts to improve efficiency at the office of the president stemmed from her desire "that we perform as efficiently as possible."

"There is no office that is perfect," she said.

The president said she started improving the work at the Guest House when she called in Florida Ruth Romero, now working as presidential assistant,



newly appointed Natural Resources Secretary Fulgencio Factoran Jr who set up the cabinet assistance system to improve relations between the cabinet and the president's office, and also Health Secretary Alfredo Bengzon to help prepare a plan to streamline the office itself.

She said she was impressed with Secretary Bengzon's work at the Department of Health which she described as being run "so systematically and efficiently."

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CSO: 4200/433

## RULES ON HOLDING MULTIPLE GOVERNMENT POSTS

Manila MANILA BULLETIN in English 23 Feb 87 pp 1, 11

[Article by Vicente Foz]

[Text]

The President, vice president, Cabinet members, and their undersecretaries, or, for that matter, any other executive officials, may hold other government offices or employment if it is allowed by the Constitution, law, or the primary functions of their positions.

This intention emerges from a reading of the new Constitution.

The first provision to consider is the first sentence of Sec. 13 of Article 7 (Executive Department) which says:

"The President, Vice President, the Members of the Cabinet, and their deputies or assistants shall not, unless otherwise provided in this Constitution, hold any other office or employment during their tenure."

Prohibition is the general rule. Exception is "unless otherwise provided in this Constitution."

What exempting provisions are embodied in the new charter itself? There are at least three.

First, the second paragraph of Sec. 3 of the

same article: "The Vice President may be appointed as a member of the Cabinet. Such appointment requires no confirmation."

Second, the second paragraph of Sec. 7 of Article 9 (Constitutional Commissions) subtitle B

(Civil Service Commission) which states: "Unless otherwise allowed by law or by the primary functions of his position, no appointive official shall hold any other office or employment in the government or any subdivision, agency or instrumentality thereof, including government-owned or controlled corporations or their subsidiaries."

Third, Sec. 9 of Article 12 (National Economy and Patrimony): "The Congress may establish an independent economic and planning agency headed by the President, which shall, after consultations with the appropriate public agencies, various private sectors, and local government units, recommend to Congress, and implement continuing integrated and coordinated programs and policies for national development."

A possible fourth exception also in the case of the President, although some may not entirely agree with

this, is the Commander-in-Chief provision in Sec. 18 of Article 7 (Executive Department). It says, "The President shall be the Commander-in-Chief of all armed forces of the Philippines."

It may be argued that this provision is not really an exception to the general rule that the President is prohibited from holding any

other government office or employment. The Presidency or the office of Chief Executive carries with it the "power" or "function" of being the commander-in-chief of all armed forces. But at least, it is "employment."

At this point, it may be important to correlate the provision expressly mentioning the President, vice president, the Cabinet members and the latter's assistants on the one hand, and the civil service provision embodying the general prohibition, on the other.

The first provision which is specific, at first blush, is the exception to the second provision which is the general one. Hence, following a rule in statutory construction, the specific provision is controlling.

But there is another rule: what appears later in point of time is the controlling provision.

Moreover, the first provision itself carries an exception when it says "unless otherwise provided in this Constitution." Indeed, during the deliberations on this point, Commissioner Hilario Davide Jr. cites as one of

the exceptions the provision allowing the Vice President to hold a Cabinet position.

The civil service provision has the clause "unless otherwise allowed by law or by the primary functions of his position." This is the exception to the general prohibition against appointive official holding any other office or employment in government.

In the absence of a law allowing appointive officials to hold other public office or employment, what determines eligibility is "the primary functions" of the officials.

But then, it may be asked, does not the civil service provision found in the subtitle on the Civil Service Commission apply only to civil service officers and employees?

The first portion of the same provision prohibiting appointive officials being appointed to other office or employment, also speaks of elective officials who may not strictly be classified as civil service employees.

This provision says: "No elective official shall be eligible for appointment or designation in any capacity to any public office or position during his tenure."

Immediately before this is the provision which states, "No candidate who has lost in any elections all, within one year after such election, be appointed to any office in the Government or any government-owned or controlled corporations or in any of their subsidiaries."

Another provision immediately after it prohibits elective or appointive public officers or employees from getting additional, double, or indirect compensation, unless specifically authorized by law, nor accept without the consent of the Congress, any present emolument, office, or title of any kind from any foreign government."

All this proves that not all the civil service provisions are strictly about the civil service only.

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CSO: 4200/453

# LAUREL REPORTED UNHAPPY OVER AQUINO SENATE SLATE

Quezon City ANG PAHAYAGANG MALAYA in English 22 Feb 87 pp 1, 2

[Text]

Vice President Salvador H. Laurel expressed yesterday his dissatisfaction over the list of senatorial candidates drafted by President Aquino to run in the coming elections.

In a tersely-worded statement, Laurel, who is head of the United Nationalist Democratic Organization, said, "I am not too happy about some of the President's candidates."

He later told Malaya his dissatisfaction stemmed from the fact that the senatorial candidates picked by the President "were not my candidates."

Unido was expecting at least six of the 24 candidates chosen by Malacanang would come from the party's list of 12 which was earlier submitted to Mrs. Aquino.

But Laurel quickly added that the disappointing number of Unido members included in the list does not signal the party's break from the administration's coalition.

Saying Mrs. Aquino had already been given a vote of confidence, "it is now up to the people to make the final choice."

The Unido president's optimism, however, is not shared by the party's rank-and-file. The expectation that at least one-fourth of the coalition ticket would go to the Unido was the dam that held back a growing wave of resentment within the party.

With the disappointing result, Unido insiders have indicated that

party members are now pressuring Laurel to break away from the coalition.

Laurel's dilemma was at its peak yesterday as he spoke before the first proclamation assembly held by the Unido in Caloocan City. Two Unido members — Virgilio Robles and Henry Villarosa — were proclaimed as party candidates for the city's first and second districts.

In his speech, Laurel said it is his party's policy to listen to what the local leaders and the membership have to say.

As a lively musical band prodded the sleepy assembly to show more enthusiasm, local Unido leaders went through the motions of declaring their support for the two congressional candidates.

The crowd finally came alive with Laurel's thunderous speech. But when he said candidates Robles and Villarosa had the blessings of Malacanang and of President Aquino, the gathering cheered wildly.

Former Member of Parliament Rene Cayetano, Nacionalista Party secretary-general, yesterday said the party received more nominations for various congressional districts in Metro Manila.

The nominees by various political leaders, civic groups and other sectors include:

For Paranaque — businessman Lito Castrillo, Judge Nicanor Cruz, lawyer Rolando Suarez, former Mayor Florencio Bernabe and businessman Cesar Jota;

For -Las Pinas-Muntinlupa - lawyer Ricardo Moldez, former Fiscal Jose Castillo, Dr. Antonio Tamayo and former Judge Nicanor Lonzame;

For Tagig-Pateros - Dr. Manuel Cayetano, lawyer Francisco Borja, former Vice Mayor Nicanor Garcia, architect Al Tubig and Dr. Agapito Cruz;

For Mandaluyong-San Juan - businessman Georgie Antonio, businessman Elly Pillas and former Mayor Ernesto Domingo;

For Marikina - lawyer Clara Singh, former Mayor Agapito Santos and Judge Gregorio de la Paz;

For Pasig - former Vice Mayor Vicente Eusebio and lawyer Ave-lino Cruz;

For Malabon-Navotas - former Mayor Victor Javier;

For Pasay City - businessmen Cesar Ochoa and Charlie Uy;

For Manila - civic leader Romy Laig, retired police Brig. Gen. Narciso Cabrera, lawyer Lumen Policarpio, civic leader Polly Cayetano and former Comelec Commissioner Chino Marquinez.

The Nacionalista Party will field congressional candidates in all 200 legislative districts, Cayetano said.

#### By TED MARCOS

TACLOBAN CITY - The Partido ng Bayan is fielding its own senatorial and congressional candidates in the May 11 elections,

Bernabe Buscayno, party director, told Malaya Friday.

Buscayno, who was in Leyte to attend the PnB's first provincial congress, said the PnB national council will meet March 4-6, to review the list of probable candidates.

Probable PnB candidates for the Senate are Jimmy Tadeo, head of the Kilusang Magbubukid ng Pilipinas; Crispin Beltran, chairman of the Kilusang Mayo Uno; economist Alejandro Lichauco and historian Renato Constantino; former Constitutional Commissioner Minda Luz Quesada; and women activists Nelia Sancho and Maita Gomez.

#### NO GOV'T MONEY

Executive Secretary Joker Arroyo told newsmen yesterday President Aquino will not allow the use of government money in the campaign of the administration's 24 senatorial candidates.

Arroyo quoted the President as saying the candidates should "pool their resources."

President Aquino also directed General Services Secretary Victor Ziga to provide accommodation for the Congress when it convenes on July 27.

Transportation and Communications Secretary Hernando Perez said yesterday that he will just have to live with his being left out from the Senate ticket proposed by Mrs. Aquino.

"We are duty-bound to honor her (Aquino's) wishes ... but when the itch to run for public office persists it is possible that I might run (for the House)," he said.

/13046

CSO: 4200/453

# COLUMNISTS CRITICIZE AQUINO SENATE SLATE

## Chance for Credible Opposition

Quezon City ANG PAHAYAGANG MALAYA in English 24 Feb 87 p 4

[Commentary by Luis R. Mauricio: "The Lady's Choice"]

[Text]

**P**RESIDENT AQUINO did not seem too well-pleased when she announced last week over television — and the TV cameras focused on her face accentuated the mood that must have engulfed her at the time — the 24 men and women of her choice to run for Senate in the coming May 11 elections.

It is difficult to ascertain what could be the reason for her depressed spirits, but one could hazard the guess that she wanted to show that she was not at all too happy about leaving out from her list of candidates the names of dear friends and of recommendees of dear friends, associates and political allies (including her Vice President).

### Disappointed Doy

**F**OR HIS PART, Vice President Laurel showed no excitement either about the list as finally completed by the President. But he was frank about it; he expressed his dissatisfaction in a tersely-worded statement.

He could not summon any enthusiasm for the ticket, he said, because, while he submitted 12 names to Mrs. Aquino, in behalf of his party (Unido), and expected at least six of them to be chosen, only four made it to the list.

If only he knew that two of the four whom he considers as his party's candidates do not really owe much loyalty to him or to his party, his dejection would be graver than it is now.

At any rate, he has succeeded in communicating to his frustrated followers how disheartened he is about their non-inclusion in the President's list.

### Limited Choice

**I**T IS NOT only the two top officials of the country who are unhappy about the Cory ticket.

Serious students of the national political scene, as well, are disappointed — but for reasons different from those that made Mrs. Aquino look low in spirits and Mr. Laurel vocal about his despair.

While the two politicians are sad they could not accommodate all their followers, associates and friends in the slate, independent political observers cannot but remark about how low is the average of acceptability of Mrs. Aquino's candidates.

It is as though, in making her selection, the President limited herself merely to those candidates recommended by the various partisan groups in her camp, when she could have trained her sights farther. And what is more unfortunate, she failed to subject them completely to the guidelines provided her by her political coalition — already inadequate as they are.

### Ability to Get Votes

**W**HEN HER POLITICAL allies gave Mrs. Aquino the blanket authority to choose 24 candidates out of their recommendees, they suggested that she pick them on the basis of their competence, integrity and ability to win. (It is a yardstick which falls far below that which she had imposed on herself — although she did not faithfully follow — when she selected members of the Constitutional Commission: that they be "of recognized probity,

independence, nationalism and patriotism.”)

From the list she presented, it would seem that the criterion to which the President gave utmost emphasis was the ability to get votes.

Aside from four candidates who definitely are of the traditional (old school) politicians, eight others have in their favor family names associated with the Old Pils and therefore easy for the voters to remember.

Four of them are darlings of the religious majority, two from the dominant minority sect, and two others from Muslim sector.

Eight of the senatorial candidates have direct American connections, five of them definitely with the CIA. Two of them until now have not yet succeeded in shedding their ties with the New Society. Six others are burdened by inexperience.

### The Overall Picture

OF COURSE, not all of Mrs. Aquino's candidates suffer from electoral infirmities. Some of them possess assets that recommend them for the positions for which they are aspiring and which, when ranged against their shortcomings, totally overwhelm the latter.

Six of the candidates are cause-oriented and are nationalists in their own way. Five definitely belong to the new school of politics, which may serve as the core of a new leadership in a new Philippines.

On the whole, however, there is much to be desired in the administration's ticket. It is inevitable that it should turn out that way; that is usually the case when a ticket is formed after it had been subjected to pressure and accommodation from diverse quarters.

Mrs. Aquino's coalition partners should have anticipated something of this sort when they agreed to pass on to her, singly and alone, the task of a party convention.

### Credible Alternative

IN THE LIGHT of this overall picture, the fragmented Opposition should consider its duty to the nation to present credible candidates who will emphasize how greatly they differ from the majority of those in the administration's ticket who have no real qualifications to merit their anointment to the Senate.

The Opposition should get away from that syndrome which dictates that the only candidates deserving of nomination or support are those who have "names," even if their records of public service have been deplorable.

Now is the chance for the Opposition to offer to the electorate a batch of relatively young men and young women "of recognized probity, independence, nationalism and patriotism" -- candidates who will present a definitely better alternative to the Lady's choice.

Failure to do so is a betrayal of the entire Filipino people -- and of democracy.

### 'New KBL' Shaping Up

Quezon City ANG PAHAYAGANG MALAYA in English 23 Feb 87 p 4

[Commentary by Renato Constantino]

[Text]

The fact that the candidates were being considered before Mrs. Aquino ordered the drafting of a minimum party platform indicates quite clearly first, that the President herself still does not have a wholistic program of government and second, that the important consideration is the President's confidence that her senators will follow her lead as her policies evolve.

What is fast shaping up is a new KBL wherein personalities of disparate views can be admitted based on willingness to acknowledge Aquino's leadership and discretionary powers, which amount to a form of benevolent dictatorship.

Marcos did the same thing when he established the KBL from among rival political parties.

The politics of personalities has become more entrenched with basic issues and coherent ideologies taking the sideline. It does not matter whether a politico says today exactly the opposite of what he said yesterday. Neither does it matter anymore if yesterday's Marcos supporter becomes today's balimbing if after all there is no real difference between the old and the new dispensations save a limited form of democratic space which permits contending factions of the ruling class to compete in the political arena.

Aquino is taking advantage of her popularity to have her own choices elected to the legislature. In effect, she is merely enlarging her present Cabinet with hardcore supporters. The preoccupation of her advisers about the possibility of the opposition filing impeachment proceedings seems to be another justification for doing everything possible to ensure an overwhelming majority in both houses.

A multi-party system based on mature politics seems to be nowhere on the agenda as all efforts are concentrated on winning the electoral race. What happens after the race is won is of no real consequence. Anyway, the administration has already made international commitments which have become the basis of the economic thrusts.

We are seeing the restoration of the status quo ante where politicians can switch from one party to another without feeling guilt or expecting censure. After all, party loyalty in this country is not based on principles nor on a concrete program of government but on personal and familial affiliations and interests.

There are now brave new parties challenging the old traditional mold but they are dismissed either as too far left to be allowed meaningful participation or too minuscule to make a political difference. The overwhelming force in electoral politics today is what is identified as the "center" and it is synonymous with Aquino and the amorphous politics she represents.

The Roman Circus is back with a vengeance.

/13046

CSO: 4200/453



ARTICLE EXPLAINS CHARTER PROVISIONS ON ELECTION

Manila MANILA BULLETIN in English 23 Feb 87 p 5

[Article by Vicente B. Foz]

[Text]

So you want to be a senator or a congressman. Better read this before you file your certificate of candidacy or even spend a single centavo for your campaign.

Under the 1987 Constitution, all members of the Senate and the House of Representatives shall, upon assumption to office, "make a full disclosure of their financial and business interests."

The vital requirement here is "full disclosure." If the senator or congressman withholds or hides any information on his interests, and it is later uncovered, he may be disciplined — censured, suspended or worse, expelled — by the chamber where he belongs.

In this, the members are also required to notify the House concerned of "a potential conflict of interest that may arise from the filing of a proposed legisla-

tion of they are authors."

Financial and business interests are encompassing enough to likewise cover "the history of their professional affiliations and associations" as Constitutional Commission Member Blas F. Ople, author of the provision, explained during the deliberations.

When these financial business and professional interests are disclosed, the public will have a way of knowing whether they had used their offices in the Congress and aggrandize their own interest, Ople had said.

He said the Senate and House internal rules may also provide for other disclosures that may involve conflict of interests to be placed under the purview of the chamber's disciplinary action.

Under the second part of the provision, if he is not engaged in a business activity when he files a bill, and but later

gets into such business, he is still required to disclose to the House his new business interest.

Explaining further his proposal, Ople said it does not really prevent the senator or congressman involved from doing or acting the way he wants, but "there is a kind of accountability to his colleagues, to the integrity of the Senate or House, and to the trust of the people."

A member of Congress is also prohibited from holding "any other office or employment in the Government, or any subdivision, agency, or instrumentality thereof, including government-owned or controlled corporations or their subsidiaries during his term without forfeiting his seat."

This prohibition is considered more sweeping than the old provision in the 1973 and 1935 Constitutions. "Office or employment" means any function outside the Congress, or non-legislative. The pro-

hibition extends not only to government corporation, whether organized under the general corporation law or by special charters, but also to their "subsidiaries."

The provision also states, "Neither shall he be appointed to any office which may have been created or the emoluments thereof increased during the term for which he was elected."

Incidentally, there is a general prohibition in the new Constitution which says: "No elective official shall be eligible for appointment or designation in any capacity to any public office during his tenure."

This provision, correlated to the legislative prohibition, means that senators and congressmen, unlike before, cannot be designated ex-officio members of any non-congressional body, committee, or commission in any guise whatsoever.

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CSO: 4200/453

COLUMNIST REPORTS OPPOSITION PLANS FOR SMEAR CAMPAIGN

Manila MANILA BULLETIN in English 23 Feb 87 p 6

[Column by Jesus Bigornia: "Smear Campaign Set for Cory's Senate Bets"]

[Excerpt]

**E**VEN before the administration's Senate candidates could take to the hustings, one outcome is becoming increasingly clear: A long string of reputations now perceived as relatively clean will soon be mired in political dirt. For the 24 aspirants handpicked by the President, a virulent campaign of denigration and ridicule is reserved by the opposition. Special targets are the candidates who owe their rise to prominence in the public service to the vilified deposed President Marcos and his first lady.

\* \* \*

Video-tapes of "The President's Men" kissing the hand of, or cavorting on the dance floor with, then First Lady Imelda Marcos, during midnight disco sessions in Malacañang have been retrieved from private collections for exhibition at political meetings. Friends and sympathizers of those now targeted suggest that the intended victims prepare strong and credible arguments to wash off the stigma of past association with the Marcoses.

\* \* \*

A sample of the less than lethal weapons in the opposition arsenal is a recording of a statement made not too long ago by Chairman Jovito Salonga of the Presidential Commission on Good Government (PCGG) in which he said he would not be seen standing on the same platform with an erstwhile Cabinet member now one of the leading lights of the administration team. Would pious churchman Salonga carry out the snub or cooperate in the interest of an administration poll victory, some followers have asked. On the other hand, what assurance does he have that fanatical supporters of the Ex-Cabinet minister would not junk the PCGG chairman on May 11?

\* \* \*

Fishing for signs in troubled opposition waters indicate that almost to a man the regime's candidates standing for election to the Senate will get smeared in varying degrees by opposition flak. But to reveal the nature and quantity of the attacks awaiting them would be placing the "carretela" before the horse. It may be that although quite a number of those picked by the President are in the sense political tyros, they must have anticipated blasts coming their way and prepared for them. Just the same, to be forewarned is to be forearmed.

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CSO: 4200/453

BERNAS SUPPORTS OPPOSITION CHARTER COMMISSIONERS FOR OFFICE

Manila PHILIPPINE DAILY INQUIRER in English 27 Feb 87 p 5

["Fish on Friday" by Fr. Joaquin G. Bernas, S.J., Constitutional Commissioner:  
"Legal but Immoral"]

[Text]

IN one of the last few days prior to the adjournment of the Constitutional Commission, I quickly drafted the following resolution and passed it around for sponsoring signatures.

**RESOLUTION**

All those who served as Members of the 1986 Constitutional Commission shall not be qualified to run for any national office in the first national election to be held under this Constitution.

**Explanatory Note**

*Proclamation No. 9 creating the Constitutional Commission disqualifies Members of the Constitutional Commission from running for office in the first elections to be held under the new Constitution. However, jurisprudence on national constitutional offices is to the effect that the qualifications and disqualifications prescribed by the Constitution are exclusive and may neither be diminished nor increased by statute. Hence, the disqualifications prescribed by the Constitution are exclusive and may neither be diminished nor increased by statute. Hence, the disqualifying provision in Proclamation No. 9 cannot be applied to the offices of President, Vice-President, Representative, and Senators. This transitory provision will be the Commission's earnest that no*

*Member thereof intends to seek circumvention of the spirit of the disqualification under which acceptance of appointment to the Commission was made.*

I had meant to make the provision part of the Transitory Provisions and I was sure it would pass. But I must admit that I was feeling a little adventurous that day.

The adventure paid off. In no time at all I collected 23 co-sponsors. At that point, however, although I could have collected more signatures to assure majority support, I stopped collecting signatures and considered whether to go ahead and present the resolution for approval by the body. People whose judgment I respected asked me not to present the resolution because no one in the body would be free to oppose it publicly. Besides, I felt uneasy that one who, by reason of another set of laws, is disqualified from running for office should seek to disqualify others not bound by Church law. I finally decided not to present it and to rely instead on each commissioner's "private devotion" to the pledged word. After all, all of us commissioners had been asked to sign away our right to run for office.

What was an academic question in October has now become a real one. The new Constitution, recently ratified, is superior to Proclamation No. 9. I still believe that the ban imposed by Proclamation No. 9 cannot be made to apply legally to the offices of president, vice-

president, representative, and senator without doing violence to the Constitution. And I am told that there are some members of the 1986 Constitutional Commission who want to run for office. Should they be allowed too?

From the purely legal point, I believe it is safe to say that members of the 1986 Constitutional Commission are constitutionally qualified to run for national office. Unfortunately or fortunately, however, legality is not the only thing that matters. Morality also counts. We did pledge in writing not to run. What is the value of the pledged word? Is there *palabra de honor* among members of the 1986 Constitutional Commission?

But even as I reflect on all of this, I am not sure that the moral restrictions should be made to apply to the members of the opposition who were asked to join the Commission. They were placed there because of the belief that in a democracy the role of the opposition is essential. And I can say that they acquitted themselves well in the Commission. Let the people judge whether they may serve now. Moreover, when I see the present administration hand-picking candidates in order to assure an administration "sweep," I feel uneasy. We deplored then, in the Marcos era, a legislature that was an executive "rubberstamp." We should deplore it even now. If nothing else, a "rubberstamp" legislative performance can be utterly boring.

/13046

CSO: 4200/453

CHRONICLE ANALYZES NDF POLL PARTICIPATION

HK261054 Manila THE MANILA CHRONICLE in English 26 Mar 87 pp 1, 6

["Analysis" column by editor-in-chief Amando Doronila: "NDF Has Also Stakes in Polls"]

[Text] The participation of the Partido ng Bayan [PNB--People's Party] and Bayan [Bagong Alyansang Makabayan--New People's Alliance] under the banner of the Alliance for New Politics [ANP] in the May congressional elections represents the exploration by the legal Left of the possibility that the time has arrived for the structural transformation of society through non-violent parliamentary means.

By transformation, I mean changing the power structure by electing to Congress deputies representing the poorer sections of the people who have had no voice in parliament, as well as in the decisionmaking councils of government.

The entry of the legal Left into political arena has implications for the revolutionary Left--which is represented by the National Democratic Front [NDF] --and for the prospects of the NDF shifting emphasis to the parliamentary struggle from armed struggle.

Although the NDF is an illegal organization and therefore banned from electoral participation it has stakes in the outcome of the congressional polls. Given that the NDF shares some of the platform of the PNB and Bayan concerning redistribution of wealth, social justice, the removal of the U.S. military bases, land reform and nationalist industrialization, the exploration by the ANP will determine whether an electoral constituency exists for the Left.

The alliance has fielded 107 candidates for the 200 elected seats in the new congress and has claimed they could win between 25 to 30 percent of the seats. Whether or not we agree with their estimates, it is certain that the Left will win more than the six seats it won in Central Luzon in the 1945 elections.

The possible areas in which the Left alliance may win seats are those seething with social ferment. The outcome of the May elections, in which for the first time in the history of this country the Left is contesting parliamentary seats across the nation, will certainly redraw the political map.

The establishment of this new constituency will confirm to the underground Left what it perceives as its electoral base. It will also inform the non-Left parties not only that the political landscape has been redrawn but also that the elite based parties no longer have a monopoly of political power.

The implication of the confirmation of the constituency of the Left is that it could encourage the revolutionaries to pursue further the parliamentary option rather than fall back on the armed struggle.

The NDF is today split over whether to give emphasis to parliamentary or armed struggle. It is following a flexible strategy--using armed struggle in regions where it could further revolutionary ends, and relying on parliamentary means where they are most advantageous.

This is the reason why the NDF is tacitly endorsing the principle of electoral participation, although it is divided on the issue of whether it would support only senatorial candidates or would limit participation to the congressional level.

The logic behind participation is that with the opening of the so-called "democratic space" "we will always take advantage of opportunities available" in the quest of winning political power, as one NDF leader put it.

This exploration by the underground Left of the parliamentary option foreshadows an opportunity for the communist movement to follow the non-violent path of European communist parties rather than the revolutionary path of Asian communist parties.

In general, the European communist parties opted for the parliamentary path within the multiparty system divided into the Right, Center or Center Left (represented by the Social Democratic or Labor parties), and, of course the Left. According to this pattern, it became unnecessary to carry out revolutionary struggle because more could be gained from parliamentary participation rather than from armed struggle.

On the other hand, most Asian communist parties won power through revolution--as in the case of the Chinese Communist Party and the Vietnamese Workers Party. The exception is the Indonesian Communist Party which opted for parliamentary participation only to be crippled by the army-backed Rightist backlash of the Leftist coup attempt in 1965-66.

The prospect that is emerging from the participation of the Left in the Congressional arena in May is that the Philippines is developing its own unique style of communism more akin to the European model than to the bloody Asian model.

In the arena of open political competition in Western Europe following World War II, the European communist parties, after peaking in influence in the immediate post-war years, gradually declined in importance and electoral support. They gradually lost their percentage of the vote and the number of seats in parliament. The Italian and French Communist Parties now hold respectively under 10 percent of the parliamentary seats in an environment of open political competition.

The European experience of plural--and coalitional politics--is an argument that it is healthy to open up the political system to participation by Left-wing parties. This is the reason why members of the French National Assembly, who visited areas of unrest in the Philippines recently encouraged the opening up of the political process to the Left, including the repeal of the Anti-Subversion Act which proclaimed the Communist Party and the NDF as illegal organizations.

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CSO: 4200/433

COMELEC CREATES LAW-ENFORCEMENT TEAMS FOR POLLS

HK300353 Manila Far East Broadcasting Company in English 2300 GMT 29 Mar 87

[Text] The Commission on Elections [Comelec] has created several special action teams to be fielded in critical areas as the law-enforcement arms of the poll body during the 2-day special registration of voters on 11-12 April and the 11 May national elections. Comelec Chairman Ramon Felipe Jr said the special action teams are urgently needed for the implementation of the laws, rules, and regulations governing the conduct of the polls. Each special action team is to be [words indistinct], who shall act as the team head; a representative of the PC-INP [Philippine Constabulary--Integrated National Police]; the provincial fiscal or assistant provincial fiscal; a representative of the National Bureau of Investigation and a representative of a citizens arm of the poll body. A comelec resolution empowers the special action teams to perform specific functions and duties during the special registration of voters and on the 11 May national polls. The functions and duties are to act as the law-enforcement arm of the commission in effecting Comelec control of police forces, agencies or instrumentalities in the provinces, cities, and towns that may be placed by the poll body under its control.

/12232

CSO: 4200/433



OSMENA PRAISES AQUINO, CITES IMPROVEMENTS

Manila MANILA BULLETIN in English 23 Feb 87 p 5

[Article--"Osmena says: Central Visayas Moves Ahead"]

[Text]

CEBU CITY (PNA) — In only a year's time, President Aquino, has restored the people's faith in the government.

For this alone, she will be remembered by the entire nation and that includes the four million Cebuanos, said Cebu City Mayor-designate and senatorial candidate John H. Osmeña, head of Cebu's dominant Panaghinsa coalition.

Osmeña, who heads the region's development council, said the problem of credibility was the most serious faced by the deposed administration.

Unrest was all over the central Philippine region with people taking to the streets howling defiance and demanding the resignation of then president Marcos. Every now and then, the military had to be mobilized to stop the anarchy.

The emergence of Mrs. Aquino was like the appearance of Christ calming the turbulent waves, a religious said.

After one year of the lady president's rule, while everything may not yet in perfect order in the central Philippine

region, the situation has vastly improved.

The turbulent marches on the streets have dwindled and the military has become tamed and no longer belligerent with peaceful marchers.

For sometime, labor unions, breathing for the first time the air of freedom after around two decades of repression, went wild. But a word from the new president calmed them down.

Department stores which were forced to shut down and factories which had to stop operation because of the strikes again are now humming with activities.

An industrial peace has again settled in central Philippines. The militant workers had toned down their activities.

Not only the urban areas but also the region's rugged countryside now pulsate with life.

The new government pumped in more than P137 million to hundreds of barangays for the construction of roads, wells, river control projects, school

buildings and other public works under its community employment and development program (CEDP).

Regional public works director Constantino Calfos said the more than 1,000 projects undertaken in various parts of the region had given work to more than 64,000 barangay residents the past months.

The program had actually gone a long way in helping the thousands who used to feel abandoned by government, with some taking to the hills to fight the government, a government engineers said.

Conceded to be comparatively the most peaceful Philippine region, Central Visayas has continued to hold such a distinction, unaffected by the attempted coups and disturbances that rocked the capital and other regions.

Towards the end of the Marcos' rule, the region especially the central Philippine island of Cebu rumbled with rebel terrorists starting to gun down military and police personnel and civilians suspected to be government agents.

SOCIAL MINISTER CRITICIZED ON OPPOSITION TO FAMILY PLANNING

Manila MANILA BULLETIN in English 24 Feb 87 p 6

[Commentary by Beth Day Romulo: "One Step Backward"]

[Text]

I was shocked and saddened to read the other day that Minister Mita Pardo de Tavera intends to jettison the entire population program for the Philippines, and terminate all government subsidy for family planning.

Minister Tavera is said to have justified her decision to throw out the population program — on the newly ratified Constitution. She claims that the people, by voting for the Constitution, voted against any form of population control or family planning.

I have searched in vain to find such instructions in the Constitution and I am forced to conclude that the Minister's reading of the document is an arbitrary one.

The Pro-life people were ably represented in the ConCom and the Constitution is clearly pro-life and anti-abortion. However it is neutral on the subject of population planning. Families are encouraged to conduct their lives in accordance with the "dictates of their religion" and are urged to exercise "responsible parenthood."

Does "responsible parenthood" suggest limitless births, with no spacing and no planning? I think not. Rather it would suggest that families should have the children they want, and can care for, feed and educate.

There are already two million Filipino mothers participating in family planning programs. What will happen to them? No one,

apparently, bothered to ask the families who are enrolled in the programs what they would choose to do. So what is the Ministry of Social Services going to do for them? Abandon the women? Padlock the clinics? Is this service to the people? Rather I would call it a cruel dis-service, a step backward in national development.

I was discussing this imbroglio with a distinguished member of the National Science Board and he said, "such an important policy is not the province of a single minister. It should be submitted to Congress." He also pointed that the way in which this was done was "highly irregular" because it prejudiced the people who are already participating in the program." Even if the population policy is eventually reversed through Congress, the program would have to be phased out slowly, not suddenly dismantled as the Minister intends. He also pointed out that since the Philippines originally made an agreement with an international body "you don't make a unilateral decision."

The Philippines has been a recipient of funding from the United Nations for its population program since 1970. At that time the population growth rate was 3.1 — one of the highest in the world. By the early '80s it had been brought down to 2.6. Now through a concerted effort at benign neglect, during the past year, it has slipped back up to 2.8.

The program was originally under NEDA. Then during the period that Placido Mapa headed NEDA and made it very clear he did not approve of government funding for population control, because of his personal beliefs, the Population Commission began to work under the MSSD which was more hospitable to its function. However it never officially left NEDA and therefore still falls rightly under that department's jurisdiction. A chairman of Pop-Com is traditionally voted by the members of the commission. When Minister Tavera took over MSSD she also assumed the position of acting chairman of the Population Commission. As a non-elected commissioner, however, she has no authority to dismantle and disband the population program.

If Minister Tavera, as Mr. Mapa, does not want any part of a population program for personal reasons, then the Population Commission should be turned back to NEDA where it belongs, with its funds intact.

Unbridled population growth will overwhelm an already fragile economy. If the population rate returns to a 3 percent growth rate the economy would need a 380 percent increase in available jobs by the year 2000.

Filipinos traditionally enjoy large families for cultural reasons. Children are considered to be a family's wealth. But even this predilection for large families is changing. In a 1983 National Demographic Survey of Filipino women, over half (52 percent) of married women of childbearing age did not want any more children. The concept of an ideal family had dropped from six to four children in 10 years.

I hope the President will reconsider Minister Tavera's high-handed directive before an executive order for the dissolution of the population program is signed.

This is no time for a fundamentalist tide to turn back the thrust of government programs for national development.

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CSO: 4200/453

COLUMNIST HITS ROLE OF OPUS DEI, EXPOSES MEMBERSHIP

Manila PHILIPPINE DAILY INQUIRER in English 27 Feb 87 p 4

["Make My Day!" by Hilarion M. Henares Jr.: "Opus Dei Qui Tollis Pecuniam Mundi"]

[Excerpt]

*Agnus Dei qui tollis peccata mundi ...*  
Lamb of God, who takest away the sins of the world, *dona nobis pacem*, grant us peace, as the Latin Vulgate says. But according to Father Ben Carreon, Monsignor Nico Bautista, Benedictines, Jesuits and Maryknollers, there is this version:

*Opus Dei qui tollis pecuniam mundi ...*  
Opus Dei which takest the wealth of the world, *dona nobis partem*, give us a share.

The youngest of religious orders and the most unique, the Spanish Opus Dei is also the richest. It is against Liberation Theology and Basic Christian Communities (BCC), limits its apostolate among the rich and powerful, keeps its finances secret and its membership list closely guarded.

Only 2 percent of its members are priests, the rest are businessmen, professionals, military officers, government officials, mostly those in positions of power. In Spain and Chile, Opus Dei members are the economic elite.

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In the Philippines they manage financial institutions: Tony Ozaeta at PCIBank; Jes Estanislao at DBP; Placido Mapa erstwhile at PNB; Enteng Puyat at Manila Bank; Jovencio Cinco erstwhile at Interbank; Vaughn Montes at Citibank. They have their own newspaper, the *Manila Journal*.

They were the custodians of Kokoy Romualdez's empire, and with Ongpin's help, kept their firms from the Cory Boycott and PCGG sequestration: Mario Camacho at Meralco, Rex Drilon at Philtranco; Joselito

Sandejas at Mantrade; Tony Ozaeta at PCIBank. Kokoy's wife Juliet and Lirio Ongpin Mapa were their links to Marcos; also Dadong Mangahas, assistant of Imelda.

Bernardo Villegas of CRC, Jose Romero of the Makati Business Club (who is now being groomed as chairman of the Philippine Coconut Authority), columnist Kit Tatad of Business Day, editor Benjie Defensor of Manila Journal, president Raoul Inocentes of the ECOP are Opus Dei. Other members are:

Javier Calero of J. Walter Thompson; realtors Ramon Cuervo and Nimfa Deslate; architects Bolet Gomez and Francis Arcena; insurance execs George Winternitz and Victor Rodriguez; playwright Paul Dumol; Enrique Esteban, erstwhile of Warner Barnes; Ed Mari of Island Cement and Marinduque Mining; Robert Schewani of Walter Briefs; Reyes brothers of Universal Foods; aviation engineer Bingo Nespral; Carmeling Salgado of Chemphil.

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They have schools only for the very very rich: Marywood and South Ridge which charge P10,500 per semester. They operate Youth and Executive Centers, all airconditioned, with such names as *Maynilad*, *Kulyaon*, *Banahaw*. *Mayana* on Leon Guinto caters to rich Spanish-speaking young women who are forbidden to wear sleeveless dresses, open shoes, short skirts, or have boyfriends of the lower class.

Their *Makiling Retreat Center* is the most opulent in the world, located on a hilltop,

with carved woods, plush seats, solid gold sacred vessels. Here the very rich get air-conditioned rooms with bath; the not so rich are given rooms without aircon or bath. The servants are put in their place; after everyone leaves for the chapel, the doors are locked and the servants clean the rooms.

The Opus Dei operates a school for maids in San Juan called *Punlaan* where maids are trained how to serve their masters and behave properly as a servant class, oh my God!

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A university president's wife tells of when she and her husband went abroad and left their house in the care of the Opus Dei. Day after day, these people used up her precious imported anchovies, caviar, the canned goods she was saving up for special occasions. "*Hindi ito kinakain araw araw*," said the servants, but to no avail.

Everyday they used the best table cloths, the best china and silverware, even on picnics. "*Hindi ito ginagamit araw araw, po. Ang ginagamit sa picnic mga plastic lang*," protested the maids.

They drank up all the best wines, champagne, brandy, all hoarded for special occasions. "*Hindi ito ini-inum araw araw. Naku wala ng matitira para sa Pasko at Bagong Taon!*" shouted the maids.

The maids never had a rest. No sooner did they cook, then they served, then washed dishes; and then cooked again ... 5 continuous meals (breakfast, segundo almuerzo, lunch, merienda, dinner) every day. "*Hindi kami ina-abuso ng aming amo na ganito. Para kaming alipin. Dasal ng dasal, pero walang awa sa kapwa tao.*"

When the university president and his wife came back, the servants said that if ever the Opus Dei were given the house again, they would quit.

The wife quit as an applicant for the Opus Dei. She cried for weeks over her stained tablecloths, lost silverware, broken china and glassware, plundered pantry and wine closet, and abused servants, "There was something that kept me from joining the Opus Dei. Now I know. Despite their outward show of piety, there is no charity in their hearts."

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CSO: 4200/453

LEYTE EDITOR HITS MANILA FAILURE TO CONSULT WITH PROVINCES

Tacloban City EASTERN VISAYAS MAIL 29 Dec 86-4 Jan 87 pp 2, 5

["The View From Tacloban" by Ted Marcos: "Government Actions Without Real Consultations"]

[Text]

Recent actions recommended by government officials and measures passed by government have not only raised eyebrows among the more sensitive and articulate sectors of the country. They have also raised considerable doubts among concerned citizens on the direction of the government and whether real consultation with the people is taking place, as the much publicized policy of this government is supposed to be.

But what is the real score right now? First a much bigger national budget of more than P121-Billion was approved by the cabinet and President Aquino without much fanfare nor a lot of ado from the previous long-winded and assorted wind-bags of legislators.

But there were also neither public hearings nor public consultations on the items of expenditures and allocation of national resources in the annual budget. That it was passed by the cabinet, since there is no lawmaking body in

existence now, is admitted and acceptable. However, doing it without a semblance of consulting the affected sectors in public hearings is something else.

The national annual budget is the most important piece of legislation and the most comprehensive package of policies to come out of government in any single calendar year. The budget can set policies or initiate new directions and programs within a given year which become difficult to modify or reverse their effects after sometime. Hence, the need for public dialog on this piece of legislation. But this act was passed without fanfare and without questions asked.

Before this act of passing the annual budget, Finance Minister Jaime Ongpin pulled out of his bag two tax decrees (executive orders, if you please), and have them approved by President Aquino, without public consultations nor hearings. The two tax measures will affect the widest sectors

of the population. The revenue decrees are those increasing the valuation of the real estate tax basis to the 1984 market values which will in effect increase real estate taxes to as much as 400% in some cases; and the scrapping of the exemptions on the franchise taxes of public utility, including water districts and the electric coops.

The public outcry against the first tax measure was that much, Ongpin has to backtrack as ordered by Mrs. Aquino by limiting the increase in real estate taxes effected in the first year to only 50%. And no complaints from the masses were heard yet on the lifting of tax exemptions of the water and electric utilities since the corresponding increases in water and electric rates have not yet become a reality because of the taxes to be imposed. Only the water districts and the electric coops officials have so far voiced out their objections.

And the essence of the complaints is that there were no prior hearings nor consultations. Did Minister Ongpin forget the principle: "*No taxation without representation*", which was the main cause for the outbreak of the revolution of the American colonies against their colonial English masters?

The third one to hit the mass public in the eye on the eve of last year's Christmas holidays was the surreptitious announcement of Postmaster General Angelito Banayo that the postal rates will be generally increased across the board effective New Year's Day, January 1, 1987.

What a way to announce the coming New Year, Mr. Banayo? You are an incomparable "kill joy" within the bureaucratic stables of the present revolutionary government, especially that your boss, Pres. Aquino has announced that there will be a plebiscite on Feb. 2, and just after Mrs. Aquino granted a P1,000 cash gift to all government employees. Your such a spoilsport.

Mr. Banayo maybe is just going with the spirit of the times, and that is joining the team of Ongpin who believes in not asking for the goddamn public opinion. The consuming public will all naturally oppose all increases, the logic of

Messrs. Banayo and Ongpin goes.

Why do all these tax artists and supposedly democrats at that in government who are inventors of new tax "tortures" and burdens foisted on the common mass of consumers without a semblance of public consultations, could not wait for an elected legislature to decide on new tax and revenue measures? At least making operative their concept of themselves as defenders of democracy. Is it because that they are not sure that their brainchilds or pet projects could not pass thru an elected legislature?

Then they have a narrow perception of the people's necessary participation and acquiescence in forming public policies, including fiscal policies in a democracy. Or are these new "autocrats" in government, which they really are in essence, have very poor reasons or basis for their new tax measures pushed?

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It saddens concerned Filipinos the way the ratification for the draft Charter is polarizing several ethnic groups, regions and factions in the country.

A ratification campaign for a supposedly *popularly* approved Charter should not create those deep divisions in our country but the process of approval of

a Constitution should be a unifying process among Filipinos, if done the right way.

But the present campaign for the Charter is irreversibly going the partisan route since the issues brought-up and the circumstances in its approval could not bring results any other way. The performance of government and the question of legitimacy of tenure of Mrs. Aquino cannot be avoided in the present context of the campaign trend.

This disturbing aspect should be brought to the attention of President Aquino and asked of her when she comes to Tacloban City sometime this January.

If it is necessary, after some deep reflection on the causes of these polarization and deep divisions in the country, the political errors in convening an appointed Constitutional Commission should be corrected and the plebiscite on February 2 be suspended. An election for a Constituent Assembly to draft a truly representative and unifying Charter for all times should be considered as an alternative by our leaders.

The other blunder of not calling elections soon enough for local officials should also be rectified by the present government.

EDITORIAL ALLEGES PCGG MALICE, FALSEHOODS

Manila MANILA BULLETIN in English 22 Feb 87 p 1

[Editorial: "CGG's Liwayway Case Mired in Falsehoods"]

[Text]

The more the Presidential Commission on Good Government explains to the public its actuations in regard to its sequestration of Liwayway shares of stock, the deeper it sinks into the mire of falsehoods and contradictions.

In its press release of Feb. 13, the PCGG made it appear that it based its sequestration on the "mystery" of the ownership of some shares of stock and on intelligence reports. Then in a memorandum dated Feb. 19, 1987, a memorandum that has been issued for public consumption, the PCGG Director of Investigation and Research mentioned "circumstances, with probable proofs (sic) of ill-gotten wealth highlighted, leading to the sequestration."

This memorandum, prepared as per instruction from the PCGG, and presumably in answer to the Bulletin front-page editorial of February 15, 1987, says: "On August 17, 1983, MENZI, J.Y. CAMPOS, E. COJUANGCO and CESAR ZALAMEA transfer (sic) to HM Holdings and Management, Inc. P64 million worth of shares of stock."

The truth is, and this may be checked with the Securities and Exchange Commission, Messrs. Campos, Cojuangco, and Zalamea never owned shares in Liwayway.

Moreover, all the records may be checked and none of them will yield the conclusion that P64 million worth of shares were transferred.

Apparently, those names were used in the sequestration documents in order to give the impression that those persons controlled Liwayway. If that is the purpose, it is unalloyed malice in public office. The statement in the PCGG memorandum that there is an attempt to hide the true ownership of Liwayway shares is gratuitous, since the record is



clear that the acquisitions were made by the buyers for themselves, with their own funds, and in their own right.

Indeed, there was malice in the lack of verification of the facts from the Securities and Exchange Commission before sequestration.

There was malice in relying on "probable proofs" instead of on prima facie evidence as the new Constitution requires.

The sequestration harms the image of the administration of President Aquino and threatens press freedom, considering that the writ of sequestration directs that commercial banks should not allow Liwayway to withdraw funds from its deposits except for the payment of wages and salaries. It did not enter the minds of the PCGG commissioners that Liwayway has to purchase and pay for paper, ink, other supplies, equipment, and repairs to keep the business going.

This shows how helpless a business establishment can be at the hands of the PCGG which gives no thought at all to the possible harm that may be done to the honor and reputation of citizens.

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CSO: 4200/453

AQUINO APPOINTS 2 DEFENSE UNDERSECRETARIES

Quezon City ANG PAHAYAGANG MALAYA in English 22 Feb 87 p 1

[Text]

President Aquino yesterday swore into office retired Maj. Gen. Fortunato U. Abat, and lawyer Leonardo Quisumbing as undersecretaries of national defense.

Lt. Gen. Salvador Mison, Armed Forces vice chief of staff, who was promoted from major general, also took his oath before the President.

The President later met with Brig. Gen. Antonio Sotelo, Air Force commanding general, who was promoted to major general, and Commodore Tagumpay Jardiniano, Navy flag officer in command, who was promoted to rear admiral.

Abat, 61, holds a master's degree in business administration from the Ateneo University and is a graduate of the Philippine Military Academy.

Before Abat's appointment, he was the administrative officer of the Philippine Veterans Affairs Office. He was ambassador to the People's Republic of China from 1982 to 1986 and was commanding general of the Philippine Army from 1976 to 1981.

Quisumbing, 47, holds a master of law degree from Cornell University. Before his appointment as defense undersecretary, he was the senior executive to the secretary of national defense.

Abat fills the vacancy which occurred when Defense Undersecretary Wilson Gamboa resigned recently. Quisumbing fills the additional post of undersecretary in the defense department.

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CSO: 4200/453

# RETIRED GENERAL 'JUSTIFIES' MILITARY ROLE IN POLITICS

Quezon City ANG PAHAYAGANG MALAYA in English 22 Feb 87 pp 9, 17

[Article by B/Gen Eduardo M. Garcia, AFP Rtd, CPC Feb 70-Jan 72--"Soldier's Cross: The Fascist Tag"]

[Text]

## A. MILITARY'S PROMINENT ROLE

The Philippine military was at the center of action during the four-day February 1986 revolution at that portion of Epifanio delos Santos Ave. between Camps Aguinaldo and Crame and vicinity in Quezon City. Without that action, Mrs. Corazon C. Aquino would not have been installed as President of the Philippines on Feb. 25, 1986 at Club Filipino about 300 meters behind Camp Crame.

When Madame Aquino became our President, the peace and order condition in our country was bad, with the communist/NPA insurgency feeding on the misery of our people and government abuses. This has been aggravated by hostile actions of the well-funded and well-armed loyalists to destabilize the Aquino government.

At that time, "the call to the Armed Forces of the Philippines to prevent or suppress lawless violence, insurrection, rebellion and subversion" provided in Proclamation No. 2045 dated Jan. 17, 1981 was still in effect. Since President Aquino had not taken any action to revoke, change or modify this call, the military or Armed Forces of the Philippines (AFP) composed of 250,000 army, navy, air force, constabulary, police and CHDF personnel remain charged with the responsibility of preventing or suppressing lawless violence, insurrection, rebellion, etc., up to the present time. Certainly, this mission of

the military will continue for sometime because there are four insurgent groups that are challenging President Aquino's government, namely, the CPP/NPA/NDF, the Marcos loyalists, the three MNLF factions, and the CPLA. And the newly ratified Philippine Constitution allows this without the concurrent action of the Philippine Congress to be organized thereunder. (Article VII, Sec. 18).

The events that happened in our country during the last year have made it necessary for our Armed Forces to watch the destabilizers of our government. More so because the establishment by President Aquino of her revolutionary government has made more prominent the role of the military to support and make it survive.

## B. VIOLATIONS OF THE LAW

The events referred to were the following:

a. The release on March 5, 1986 by President Aquino of Jose Maria Sison of Ilocos Sur, founder and chairman of the Communist Party of the Philippines, Bernabe Buscayno of Tarlac alias Commander Dante of the New People's Army, the CPP's military arm, and two members of the NPA Sparrow (a liquidation) Unit. The AFP sustained numerous casualties in the military operations that eventually led to the capture of Commander Dante in 1976 and Joma Sison in 1977.

b. The holding of the ceasefire negotiations with the communist insurgents supposedly for six months only. When President Aquino called for this dialogue soon after she became President, and reiterated it on April 20, 1986, the defense and military establishments were skeptical because all

military personnel who have had experiences in dealing with the communists believe they cannot be expected to be reasonable, and that they will only use the dialogue to propagandize their movement and expand and consolidate their ranks. True enough, the CPP/NPA/NDF armed strength increased from about 16,500 in January 1986 to about 24,000 in January 1987.

When the government peace negotiators could not agree with the communists' demands, some of which were considered in advance as non-negotiable, the CPP/NPA/NDF panel composed of Satur Ocampo and his wife, and Antonio Zumel, abruptly withdrew on Jan. 30, 1987 from the ceasefire negotiations and went underground again.

c. Then we had that funny rebellion at the Manila Hotel on July 6, 1986 during which many AFP personnel led by at least two generals took part. For their rebellious and illegal acts, none of the participants was meted out any punishment they deserve under the law.

d. The return to Sulu in August 1986 of MNLF (Moro National Liberation Front) rebel leader Nur Misuari from self-exile in a Middle East country. The following month, Misuari held a Congress near Jolo, attended by some 10,000 armed followers. As a climax of that Congress, President Aquino flew to and met Misuari in a Jolo Catholic monastery where, after a few minutes, they emerged with a "cessation of hostilities" agreement. During the following months, Misuari went on a "consultation trip" to the Mindanao Muslim provinces, accompanied by 1,500 bodyguards armed with high-powered weapons. Since all these activities were allegedly agreed upon with a person well-connected with the highest authority of the land, the military just watched helplessly flagrant violations of the law against unlicensed firearms.

e. The recommissioning to a higher AFP rank of renegade Lt. Victor Corpus, who in 1969 raided the armory of the Philippine Military Academy, and gave the arms to the NPA, which he then joined. To military officers, who value loyalty, discipline and adherence to military law, the action of the government in the case of this renegade officer is incomprehensible.

f. The existence and reported training by Israeli officers in a Tarlac farm of the so-called Yellow Army which is now composed of about 3,000 men. Elements of this private army are now reported to be deployed as escorts

of highly-placed government officials equipped with hand-held walkie-talkies tuned to an office at the seat of our national government. Reports on this army, which ranking military officers refuse to comment on, followed the information on the "confidential memorandum" instructing the Bureau of Customs to turn over all confiscated smuggled firearms to Malacanang, instead of to the Firearms and Explosives Unit (FEU) of the Philippine Constabulary in Camp Crame, as provided by existing laws and regulations.

g. The organization of the Partido ng Bayan as a political party in September 1986 during a Metro Manila convention held by Joma Sison and Bernabe Buscayno. In a decision denying the application of PnB for registration as a political party, the Comelec said the PnB is a communist "Trojan horse" which intends to use the electoral process to overthrow the country's republican form of government. (The Comelec changed its mind last week and approved PnB's application.)

These events justify the belief of many concerned citizens, especially those in the military and police, that the majesty of the law is not being upheld, and that the Aquino government has been tolerating, condoning and even abetting clear violations of the law. These events were supposed to have been authorized by Malacanang and show that the military subordinates itself to civilian authority. But they have also created ripples among military personnel who enforce the law and in the process usually sustain casualties. They are aware that it will always be they who will be around to face the enemy as long as there are insurgents or rebels in our country, even beyond June 30, 1992 when Mrs. Aquino will no longer be President.

#### C. THE MILITARY'S CONTRIBUTION

The defense and military establishment also contributes to effective management of government. For this reason, it ventures to take actions that are outside the purely military realm. This does not mean, however, that the military is acting as a "power broker", as some columnists say. It only shows that the military is concerned about our people whom our government is expected to serve, that it is not a robot, and that the military personnel, especially their leaders, also think and plan. Some proofs of this are the following:

1. The agreement during the Cabinet meeting on Oct. 8, 1986, as conveyed by the military leadership, that "a purely military approach will not be enough to fight communism."

The Cabinet was also reported to have unanimously approved during that meeting the 6-point recommendations of AFP Chief of Staff General Ramos. Foremost among these recommendations were (a) The adoption of a national strategy based on agreed national objectives, priorities, allocation of resources and assignments; and (b) Reactivation of a multi-party secretariat and planning staff to ensure integration and coordination of government efforts.

2. The "Statement of Concern" formulated by the senior AFP commanders during their Command Conference at GHQ AFP on Oct. 22, 1986. In that statement which was submitted to the Cabinet, the senior AFP commanders reiterated their consensus during a similar conference on Sept. 9, 1986 thus: "That there is an urgent need for all agencies of the government and the concerned private sector to plan... act... move forward... achieve... survive... and progress together within the framework of a total national strategy. Anything less than a completely integrated approach to the solution of our peace and order and security problems would continue to create dysfunctions and inefficiencies which would cause the whole country to suffer."

#### D. DISTURBING REALITIES

The officers and enlisted personnel of the present Armed Forces of the Philippines, estimated to be about 135,000, are still the same as those before the February 1986 revolution. Most of them joined the military service when the AFP was expanded to support the ambition of ousted ruler Marcos to perpetuate himself as Philippine President. This was specially so when General Fabian Crisologo Ver was the AFP Chief of Staff (1982-Feb. 1986). Naturally, most of those enlisted, and the reserve officers who were called to active duty, were from Northern Luzon or Ilocanos, and other people with Ilocano roots or relations. This resulted in the well-known fact in military circles that at least 40 per cent of the about 135,000 AFP personnel now are from Northern Luzon or with Ilocano blood or relations. Most of them were assigned to the Presidential Security Command, Aviation Security Command, Anti-Gambling Task Force, Anti-Smuggling Task Force, Binondo Central Bank, National Intelligence Coordinating Agency, and the Marine and Philippine Army mechanized units ordered to attack the military rebels in Camps Crame and Aguinaldo.

General Ramos and his staff were known to have considered immediately correcting this imbalance of AFP personnel among the regions of the country. But considering the revolutionary government atmosphere; the fact his former Minister of Defense being from Cagayan; the existence of four insurgent groups in the country which might require immediate military operations; the fact that enlisted personnel have a four-year contract with government; and the lack of funds needed to enlist additional men, they thought it untimely to take such corrective action and "rock the AFP boat," up to this time. Under these circumstances, the following situations should not be surprising:

1. The military is apparently disunited and the entire Armed Forces does not yet fully support President Aquino's government as interpreted from the following facts:

a. That in October and November 1986, there were three attempted coups d'etat allegedly by AFP personnel identified with former Defense Minister Juan Ponce Enrile and/or deposed President Marcos. These were preempted and aborted before they ever started. The second one prompted Pres. Aquino to ask for Enrile's resignation.

Last Jan. 27, 1987, a fourth coup d'etat try was staged by the same elements involved in the first tries. This was attempted against the Villamor Air Base in Pasay City, the Cavite Sangley Point Air Station, and TV Channel 4 which was only sabotaged and Channel 7, which was occupied by some 190 officers and men and 55 civilians. In those actions, one enlisted man was killed, 15 others including an officer were wounded, and 360 other military personnel including 13 officers, and 137 civilians were arrested.

2. The high ratio of negative votes cast in polling precincts around military camps (about 45 per cent "no" against 55 per cent "yes"), compared with the small ratio of such votes nationwide. (About 21 per cent "no" against 79 per cent "yes"), during the Feb. 2, 1987 plebiscite for the ratification of the 1986 Philippine Constitution. One factor for this was the inadequate Troop Information Program, which the AFP Major Service and senior field commanders are supposed to direct and supervise. This fact surfaced during interviews with many army and constabulary enlisted men who know about the abolition of the Philippine Constabulary, as drummed up by the ratification opposition leaders, but almost nothing about the several

constitutional provisions that benefit them and their families directly. The provisions were recommended by AFP Chief of Staff General Ramos and sponsored in the Constitutional Commission by Commissioner Crispino de Castro, a retired brigadier general who was chairman of the National Constitutional Commission for seven years.

#### E. DIRECTION OF REFORMS IN THE MILITARY

Aside from the above stated provisions of the Constitution's Article XVI, the newly ratified Charter indicates the direction of reforms that it has mandated to be undertaken in the military. These are:

1. That the AFP shall be composed of a citizen armed force which shall undergo military training and serve as may be provided by law. It shall keep a regular force necessary for the security of the State.

2. That the State shall strengthen the patriotic spirit and nationalist consciousness of the military, and respect for people's rights in the performance of their duty.

3. That the Armed Forces shall be insulated from partisan politics.

4. That no member of the Armed Forces in the active service shall, at any time, be appointed or designated in any capacity to a civilian position in the government, including government-owned or controlled corporations or any of their subsidiaries.

5. That laws on retirement of military officers shall not allow extension of their service.

6. That officers and men of the regular force of the Armed Forces shall be recruited proportionately from all provinces and cities as far as practicable.

7. And that the tour of duty of the chief of staff of the Armed Forces shall not exceed three years, except in time of war or other national emergency declared by the Congress when the President may extend such tour of duty.

The controversial provision of the new Constitution is in Section 6 of Article XVI which states that "the State shall establish and maintain one police force which shall be national in scope and civilian in character, to be administered and controlled by a national police commission. The authority of local executives over the police units in their jurisdiction shall be provided by law." This will mean the eventual abolition of the present Philippine Constabulary/Integrated National Police and its replacement by a national police organization under the National Police Commission.

This supposed reform is a victory of sorts for the CPP/NPA/NDF and the leftists who have been trying to weaken first the military in their take over the government by demanding the return of the police to the control of the local chief executives and the abolition of the CHDFs. And this is the more effective way of weakening the military because it splits the ground-

forces (Army and Constabulary) and places the Constabulary as a police force under the control and command of a commission, instead of only one commander. The victory was achieved through the commissioners representing the so-called cause-oriented or pro-people groups in the Constitutional Commission.

How soon this provision will be implemented depends on the political leadership. But it is safe to assume that it will be soon under the regime of President Aquino who campaigned hard for the ratification of the Constitution. The CPP/NPA/NDF will vigorously clamor for the early implementation of the constitutional mandate.

#### CONCLUDING ASSESSMENTS

1. The Armed Forces of the Philippines, like any other armed force anywhere in the world, is the physical symbol of government power and authority. Its main missions are to ensure the security of the State, defend the territorial integrity of the country, uphold government stability and protect the people. But as we experienced during the February 1986 revolution, it can also unseat the head of a president of an oppressive and corrupt regime, especially with the support of the people, and install another one.

2. Since the revolution, the Philippine military went through many agonizing experiences. On top of those experiences were the continuous armed and propaganda attacks by the communists/NPA/NDFs. These attacks have been aggravated by the merciless criticisms against the military by the self-proclaimed cause-oriented or pro-people groups, reinforced by some elements of the media, all of whom appear to be professional agitators.

3. The One Year After EDSA was climaxed by the ratification on Feb. 2, 1987 of the new Philippine Constitution which contains a provision that will soon abolish or separate the Philippine Constabulary from the Armed Forces of the Philippines. Taken to-

gether with the obvious dissension within the military, as interpreted from the four attempted coups d'etat by some AFP misguided personnel and the low ratio of "yes" votes in the polling precincts around military camps during the constitutional plebiscite (which have caused a few Cabinet members to have doubts on the military), and their beliefs in the effectiveness of their propaganda during the ceasefire negotiations with the government, the CPP/NPA/NDF probably believe that they are already in a position to challenge the Armed Forces of the Philippines. This is why they abruptly withdrew from the ceasefire negotiations and announced in a paid advertisement in the newspapers that "the Aquino government is not serious about negotiations for a just and durable peace." (Malaya, Feb. 8 '87). This

is an insult to President Aquino who, only six days earlier, received the mandate of 4/5 of our voters to be our president until June 1992 and with whom we Filipinos should have faith and confidence, including her defense and military establishments which have trustworthy and very capable leaders.

SECURITY INCREASED IN MANILA AGAINST REBEL SQUADS

HK270158 Manila Far East Broadcasting Company in English 2300 GMT 26 Mar 87

[Text] The military announced yesterday [26 March] that they were stepping up security in Metro Manila to prevent attacks by communist hit squads believed to have infiltrated the metropolis. Officials said [words indistinct] included the creation of a special mobile squad to hunt down urban guerrillas believed responsible for increased attacks on police and military officers. A total of 12 police and military members have been shot dead so far this year in the Manila area. The authorities believe that some were victims of rebel hit squads.

Commander of the capital Regional Command Brigadier General Alexander Aquirre said that police would increase patrols in neighborhoods believed infiltrated by rebels and would also step up surveillance of suspect safe-houses.

In another move, Manila police authorities have created an anti-urban terrorist squad as some seventy policewomen were ordered to man the city's traffic intersections starting Monday. The creation of the anti-urban terrorist squad is virtually a confirmation of the presence of sparrow units of the New People's Army in Metro Manila. The anti-terrorist squads are to be named eagle squads. The creation of the eagle squads was arrived at during an emergency meeting of staff, station and unit commanders at police headquarters. The eagle squads will be highly mobile and fully armed and will conduct aggressive and repressive [as heard] patrols in the city.

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CSO: 4200/433

AQUINO BACKS POLICE CRACKDOWN ON HIT SQUADS

HK310151 Manila Far East Broadcasting Company in English 2300 GMT 30 Mar 87

[Text] President Corazon Aquino has given her full backing to the police crackdown on the NPA sparrow units (?operating) in Metro Manila. The President also declared her government's support for any mass action against oppressive groups such as the communist NPA so long as they reflect the general sentiment of the people. On her backing of the police crackdown, Art Pabellon has this report:

[Begin recording] President Corazon Aquino yesterday [30 March] said that the raids on suspected safehouses which may be harboring the assassins of law enforcement agents are justified. This was learned from Press Secretary Teodoro Benigno in a talk with mediamen yesterday. Benigno said that, considering the number of law enforcement personnel being assassinated in broad daylight, the president felt that the raids are justified so long as they prevent these assassinations and so long as they protect the human rights of the people who are involved. President Aquino's thinking on this matter, Benigno said, is based on two essential factors. One, the policemen and law enforcement agents also have to be protected from lawless elements by these preemptives and corrective strikes; and secondly, even if the law enforcement agents have to crack down on safehouses, the human rights of those affected must be upheld.

[Benigno recording indistinct] [end recording]

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CSO: 4200/433



RAMOS ORDERS EVALUATION OF SMALL, LARGE MILITARY UNITS

HK280627 MANila MANILA BULLETIN in English 28 Mar 87 pp 1, 14

[By Jose De Vera]

[Text] General Fidel V. Ramos, AFP [Armed Forces of the Philippines] chief of staff, yesterday said that the military must reverse the unfavorable results of the recent series of atrocities committed by "our enemies."

Speaking at the monthly meeting of the Last Watering Hole Association, a group of retired generals and senior officers of the AFP, led by Brigadier General (ret) Antonio de Veyra, in Camp Aguinaldo, Quezon City, Ramos said President Aquino's declaration of war against leftist and rightist radicals leaves no room for mistakes, failures, losses, much less lack of unity and determination to duty.

The president, commander-in-chief of the AFP, declared war on the left and the right during last Sunday's joint ceremonies on the graduation of Philippine Military Academy (PMA) cadets and the 90th anniversary of the AFP at Fort del Pilar in Baguio City.

General Ramos said he directed an in-depth evaluation of the performance of small and big military units.

The evaluation, he said, will be made after every significant incident or operation in the hope of arriving at more effective approaches and tactics.

The objectives and goals of the evaluation and investigation include the rating of small unit leaders and major unit commanders to pinpoint their strong and weak points, improve their leadership skills and performance, and keep them in complete control of the situation in their areas of operation.

Ramos told the retired AFP officers that under his stewardship, the AFP will continue to seek all the help it can get from our veterans and concerned citizens," even if they come in the form of constructive criticisms.

"What we do not need, however, are uncalled for contemptuous statements and unsolicited pressures brought to bear upon the AFP," Ramos said.

"I am referring, in particular, to certain controversies arising out of criticisms against the military establishment as voiced out by some quarters to include a number of retired elements. Some of them I have dismissed as misconceptions and lack of understanding of contemporary Philippine conditions," Ramos said.

Some, he said, have been considered by him as simple misunderstanding, resulting from inability to understand facts on the present situation and from adherence to a false analogy that past conditions are identical to those at this time.

Ramos said many of those who talk against him or the AFP want a purely military solution to the insurgency problem which, he said, is a visible and violent manifestation of the root causes of poverty, injustice, and other problems of society.

"Others, I consider perennial grippers who cannot accept the hard discipline of the military or who are interested in splitting the military and driving a wedge between the military and our civilian counterparts in the government for reasons known only to them," Ramos said.

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CSO: 4200/433

PHILIPPINES

RAMOS STREAMLINES LUZON REGIONAL UNIFIED COMMANDS

HK270221 Manila Far East Broadcasting Company in English 2300 GMT 26 Mar 87

[Text] Armed Forces Chief of Staff General Fidel Ramos has activated the North Luzon Command of the Ilocos region and the Cagayan Valley to strengthen military operations against communist rebels. Art Pabellon has the details:

[Begin recording] Gen Ridel Ramos yesterday [26 March] activated the Northern Luzon Command, or Norcom, to take effect on (?11) April 1987. This will comprise the areas of responsibility (?from) Regional Unified Commands Number 1 and Number 2. This is the second area unified command, or AUC, to be activated, Ramos said. The first is the Southern Luzon Command, or Solcom, activated on 1 January 1987, comprising the former regional unified commands 4 and 5. Gen Ramos, explaining the rationale for the area unified commands, said that it is to streamline operations, attain maximum flexibility and simplify administration, thus achieving [word indistinct] cost effectiveness through the reduction of (?headquarter routes) in the field. Brigadier General Felix (Banga) Jr was designated as Norcom commanding general. He was with former Unified Command 2 and is concurrently Fifth Infantry Division chief. [end recording]

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CSO: 4200/433

ILETO ON MILITARY, CIVIL ANTI-INSURGENCY ISSUES

Confident of Solving Insurgency Problem

HK261109 Manila MANILA BULLETIN in English 26 Mar 87 pp 1, 13

[Text] Defense Secretary Rafeal M. Ileto said yesterday that military forces are still "holding back offensive counterinsurgency operations because of the political situation prevailing in the country.

In a talk to newsmen, Ileto, however, expressed confidence that the worsening insurgency problem could be solved by the government within a span of 3 to 5 years should the people give their all-out support to the Aquino Administration.

Ileto said President Aquino's statement during the PMA [Philippine Military Academy] graduation was not a new declaration as the government has always been against the communists but it was "quite strong" compared to the other presidential pronouncements on the subject.

He told newsmen similar policies initiated before Mrs Aquino's declaration of war against the rebels will still continue but "we have to strengthen it now."

"Given the support by the people, we can succeed in the unsurgency drive within 3 to 5 years," Ileto said.

The defense secretary also disclosed that at least four military battalions have started flushing out rebels from the mountains as he had earlier asked them to do.

At least 60 percent of the total military force are deployed to fight the rebels, Ileto said.

Regarding the growing casualties on both government and the rebel side, Ileto said that this has not reached "alarming" proportions.

Ileto also said members of civilian vigilante groups would be arrested should they be found carrying unauthorized or unlicensed firearms.

Ileto said he does not object to the formation by civilians of anticommunist groups, saying that the constitution guarantees the right to assembly.

## Urges AFP to be 'Neutral, Professional'

HK301225 Manila Radio Veritas in Tagalog 1000 GMT 30 Mar 87

[Text] Defense Chief Rafael Iletto urged officials and soldiers of the Armed Forces of the Philippines [AFP] to remain neutral and professional in facing political issues. Speaking at the Villamor Airbase, he added that the assistance of civilians is still necessary and that the present responsibility of soldiers is to uphold the country's security against the enemies of democracy. Iletto also said while soldiers today are more politically conscious, they should not side with any political faction and instead should defend the constitution.

For the full report, here is Bambi Tiuseco.

[Begin recording in English] Defense Secretary Rafael Iletto this morning batted for a professional military which can deliver the string of victories expected by president Corazon Aquino. In a speech delivered during the flag-raising rites at Villamor airbase today, Iletto said that the professional military man is an expert in the management of armed conflict whose purpose is to render service to our country and people in accordance to government policies. Iletto stressed that a closer integration between the military and civilian sectors must be achieved. New requirements are now put on the military. It is not only externally where the military has to meet new demands; internally, the military establishment has become a replica of the civilian society, so the concept of a total approach in the new warfare has to be employed.

Iletto said that while the prominence of the military is inevitable and understangible, because of the insurgency problem, the military cannot afford to be controversial. Professionalism must take precedence over politicization, Iletto said, adding that the politicization of the military should be confined to an analytical awareness of issues confronting our country.

Iletto capped his speech by exhorting all officers and men to maintain a posture which elicits confidence in our strength and capability to protect our country and our people.

Bambi Tiusaco reporting from the Department of National Defense. [end recording]

Earlier, speaking in Nueva Ecija, Iletto also said that the military will very soon achieve total capability to defeat the rebels completely. According to him, training and rearmament continue at the moment and it will not be long before the government attains total victory over the communist group.

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CSO: 4200/433

ALLIANCE URGES ARMY, NDF TO SUSPEND ATTACKS

HK271201 Manila THE MANILA CHRONICLE in English 27 Mar 87 pp 1, 7

[Text] A multi-sectoral alliance pushing for the resumption of the peace talks between the government and the National Democratic Front [NDF] has urged the New People's Army and the military to suspend attacks "that make dialogue impossible and life unbearable for thousands of innocent civilians whom they both claim to protect."

The call was voiced by the Coalition for Peace [CP], an alliance of 30 cause-oriented and sectoral groups in a recent statement. The CP is led by Dr Nemesio Prudente, Dr Gaston Ortigas, Randy David and Constitutional Commissioner Ed Garcia.

The statement criticized the government's "inability to seriously pursue the quest for peace" and questioned the sincerity of the NDF in its desire to resume the peace negotiations.

The peace talks which began in early January broke down 3 weeks later due to differing perceptions of problems.

The coalition scored the government for not appointing a fulltime negotiating panel, and for its rebel rehabilitation program which would reintegrate surrenderers into society but has "no clear plan to address the social problems which drove them to the hills."

The group also protested the "military" solution to the insurgency that the government "seems to have sanctioned" and the recruitment of civilians into the anti-insurgency program.

Strongly protesting the arming by the military of the Alsa Masa [People's Up-rising] vigilante group and the organization of Nakasaka [nagkahiusang Katawhan along sa kalinaw-people united for peace] groups by Local Government Secretary Jaime Ferrer, the group said that "such groups have no place in a democratic society."

The group also criticized the NDF's intention to set up a rebel government in the countryside to parallel the government. Such a move "adds fuel to the current anti-communist campaign which obstructs dialogue," the statement said.

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CSO: 4200/433

UNGA PRESIDENT, ISLAMIC BODY OPPOSE MINDANAO SECESSION

Manila MANILA BULLETIN in English 22 Feb 87 pp 1, 2

[Text]

United Nations General Assembly President and Bangladesh Foreign Minister Janab Humayun Rasheed Choudhury said Friday night the Organization of Islamic Conference (OIC) does "not subscribe to the disintegration or secession of Mindanao."

In an interview with reporters at the Bangladesh ambassador's residence in Forbes Park, Choudhury said that the OIC is trying to work out a formula whereby the people of Mindanao would be able to assert their religious and cultural heritage within a territorially integrated Philippines.

"That is our position in the OIC," he said. Bangladesh is a member of the 45-nation OIC which held a summit in Kuwait last January.

While the Philippines is not accorded observation status in the OIC, Nur Misuari as head of the Moro National Liberation Front is an observer.

"I have been very interested in the Mindanao issue," said Choudhury who is scheduled to be conferred a doctorate degree by the Mindanao State University in Marawi City today.

The OIC, he said, is also following up the Mindanao issue.

Within the territory of an integrated Philippines, the OIC would like the Muslim population of the Philippines to be able to assert their religious and cultural heritage, Choudhury repeated.

The OIC, he said, "has never extended support to the MNLF." However, individual OIC member states may have supported the MNLF "but the organization as a whole did not, because the OIC has always advocated a negotiated settlement of the problem."

He welcomed the present peace talks between the MNLF and the government.

"I think you are nearing a solution to the problem without having a fight or a war," he said. (PNA)

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CSO: 4200/453

BISHOP PROMPTS SIN TO CLARIFY COUNTERINSURGENCY REMARK

Manila PHILIPPINE DAILY INQUIRER in English 27 Feb 87 pp 1, 8

[Article by Nimfa Rueda: "Sin Denies Advocating Violence"]

[Text]

ARCHBISHOP of Manila Jaime Cardinal Sin was not advocating violence when he endorsed the government's use of force against communist rebels.

"The Cardinal was merely advocating discipline, not violence," said Sin's press secretary Felix Bautista.

Bautista was reacting to a statement by Infanta, Quezon Bishop Julio Labayen published in the *Inquirer* on Monday that Sin's support for President Aquino's decision to renew counter-insurgency operations was "inconsistent" with the Catholic Church hierarchy's stand against violence.

"There has to be discipline in society to prevent anarchy," Bautista said.

The Manila archbishop had earlier told newsmen that "after compassion, justice

should now be dispensed by the government" -- referring to the renewed offensive actions against insurgents after the 60-day ceasefire collapsed Feb. 10.

At least 100 people, including civilians, have been reported killed in renewed clashes between the communist-led New People's Army and government security forces.

Labayen told a church-sponsored forum last week that Sin's statement of support to the counter-insurgency drive "legitimizes the use of violence" which had been denounced by the Catholic Bishops Conference of the Philippines (CBCP) last month.

Labayen and Malaybalay, Bukidnon Bishop Francisco Claver were invited to discuss and interpret the latest CBCP statement before the Association of Major Religious Superiors of the Philippines. The statement, entitled "The Fruit of Justice is Peace" was issued at the end of the CBCP's

54th annual assembly.

Labayen told nuns and priests gathered at the forum that the statement of the country's 110 bishops condemned violence committed by all groups including the Armed Forces of the Philippines.

"Labayen was probably misinformed, the Cardinal's statement of support was taken out of context," Bautista said. "The Cardinal is firm in his stand against violence. He is only supporting the move of a government which is working for justice, for our welfare and security" he added.

Sin was earlier quoted as saying that the rebels should be disciplined "out of love" and that "we should see to it that laws are implemented, otherwise, there will be anarchy."

Sin, who has been a consistent supporter of President Aquino, likened the government's action against the rebels to that of a "mother who spanks a child for a misdeed."

Sin explained that the mother's disciplinary action was a way of showing her love for the child.

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CSO: 4200/453



ALSA-MASA GROUP PARADES REMAINS OF 'NPA VICTIMS'

HK261041 Manila PHILIPPINE DAILY INQUIRER in English 26 Mar 87 pp 1, 10

[By Ed C. Perpena]

[Text] Davao City--In what appears to be its biggest show of organizational strength, the 3,000-strong Alsa-masa [people's uprising] paraded themselves here yesterday, carrying with them 113 wooden caskets containing the skull and bones of alleged victims of New People's Army atrocities.

Thousands of curious residents watched the funeral procession which started as early as 8 am. The procession was jointly organized by the city government and the military.

The remains, 54 of them already identified by the military, were shown to city residents as proof of "the ruthlessness of the communists," according to some Alsa-masa members.

Davao Metrodiscom [Metropolitan District Command] chief Lieutenant Colonel Franco Calida claimed during the procession that the victims whose bodies were dug up from various mass graves here and elsewhere, were killed by communist rebels. He said the victims were plain civilians.

Calida's claim, however, was belied by one Crisanto Salas, head of NPA's regional partisan unit for Southern Mindanao.

In a statement, copies of which were distributed among residents watching the procession, Salas said "most of these victims are genuine comrades who have been secretly liquidated by deep-penetration agents fielded by the military."

Salas said the NPA is responsible for the liquidation of people "proven guilty of grave offenses against the people." He identified them as the military's intelligence operatives and informers, despotic landlords, and abusive and corrupt politicians.

"The NPA vehemently condemns Calida's tactic of deception," Salas said.

Calida, clad in a combat fatigue uniform during the procession, cited a litany of NPA crimes ranging from petty theft to brutal murder. Amid the chanting

SLOGANS OF "Mabuhay ang Alsa-masa, ibagsak ang NPA" [long live the Alsa-masa, down with the NPA] by the marchers, however, Calida coaxed the residents: "We love the communists, they are our brothers but we cannot embrace communism. It is alien."

At the Rizal Park fronting the city hall where the bodies of the victims were brought, an ecumenical mass was held jointly said by a Catholic priest, a Protestant pastor and an Imam. Various civic groups, together with the victim's relatives, offered flowers during the memorial services.

Rudy Rebolleda, Davao chapter chairman of the Kapisanan ng mga Broadcasters sa Pilipinas [Philippine Broadcasters Association], read the names of the victims and narrated how they were liquidated by the NPA. According to some residents, the most popular among these victims is Edward Salazar, a civic leader who was killed only last November.

At noon, a one-minute silence during the memorial rites was followed by the ringing of church bells which reverberated throughout the city.

According to some metrodiscom soldiers, the bodies of the victims who had been identified will be buried by their relatives and the rest will remain at their headquarters for final disposition.

Seen outside Rizal Park were military and private vehicles loaded with armed soldiers and Alsa-masa members, some of them women.

One Alsa-masa member, Lyay Canete, who claimed she was a former NPA organizer operating in Bangkerohan District here, said she surrendered and joined Alsa-masa because she could no longer take the "the fascist style" of the NPA.

Canete, seen carrying a machine pistol, added she would rather "die serving the people than NPA dictators."

Alsa-masa has grown from a small number of 50 hard-core members to about 3,000 now. According to Lieutenant Colonel Rod Gumpang, chief of Recom 11 [Regional Command] Civil-Military Operations Group, Alsa-masa has a mass base of 11,000.

/12232

CSO: 4200/433

REBELS REPORTED PLANTING BOMBS IN RICE FIELDS

HK271132 Manila THE MANILA TIMES in English 27 Mar 87 pp 1, 6

[By Vulu Principe]

[Text] Farmers in several rice-producing provinces in Ilocos and Cagayan Valley are gradually abandoning their farmlands after receiving reports that communist rebels have stepped up their operations by planting bombs even in their rice fields.

A group of farmers from Ballesteros, Cagayan and another from Vintar, Ilocos Norte, who sought refuge in remote barangays in Marikina and Quezon City, revealed this yesterday.

They told THE MANILA TIMES many rural families, as well as local traders, fear that famine will hit the two regions in the next few months if the government will not take any step to stop the increasing attacks by the communist New People's Army (NPA) rebels.

Farmer-evacuees said land mines exploded 2 weeks ago in a vast track of farmland in Barangay Nararaga, Ballesteros, hitting a 15- to 20man military unit in broad daylight.

Besides planting land mines, the NPA rebels also engage in the forcible recruitment of members, mostly unschooled male farmers, they said.

Those who refused to join the movement disappeared, they said.

The same rebel groups were also engaged in the forcible collection of "taxes" not only from residents but also from local traders, they said.

In most cases, the illegal exaction of "taxes" ranges from P100 to as much as P20,000 per business establishment or family.

There were also reports that the higher protection money, which could reach to as high as P1 million, is imposed on businessmen engaged in logging operations.

According to them, just recently, a welder in Ballesteros, Cagayan disappeared after he rejected an offer to him to join the rebel group.

While the welder, they said, has been communicating, his family, however, has not seen him since he disappeared.

Lawyer Don Alviar, a former member of the Ilocos Norte Peace and Order Committee, said barangay leaders from the region met last Tuesday to discuss the worsening peace and order situation in the towns and cities of Ilocos Norte.

Alviar said the local officials confirmed the alarming presence of NPA forces as well as their escalating operations in the region.

Already, Alviar said, many towns and barangays in Ilocos Norte have been infiltrated by the NPA rebels who, strangely enough, were not from the region but from Metro Manila.

A check showed that NPA leaders sent to the two regions were mostly from the University of the Philippines and Tondo, Manila.

He said two armed encounters greatly alarmed not only barangay leaders but also residents, forcing them to hold the emergency dialogue.

The two incidents were an attack by rebels on a government checkpoint manned by a combined team of the Forestry Bureau, Integrated National Police and the Philippine Constabulary.

"The rebels fired their guns at the checkpoint for about 15 minutes and, fortunately, no one was hurt," he said.

The other incident was in Adams, a town in Ilocos Norte, which was raided and occupied by the rebels.

/12232

CSO: 4200/433

SUGAR PLANTERS FORM ANTI-REBEL VIGILANTE GROUP

HK280558 Hong Kong AFP in English 0551 GMT 28 Mar 87

[Text] Bacolod, Philippines, 28 March (AFP)--Plantation workers in this sugar capital have formed a clandestine vigilante group that will go after communist guerrillas, a self-proclaimed spokesman for the sponsors said Saturday.

A sugar planter who said he speaks for the armed group's sponsors said the idea of the "El Tigre" anti-communist hit squads was hatched in a meeting of the sponsors Thursday, and claimed the vigilante group had the backing of some local military officials.

"We felt the communists have made too many inroads in this city," he told AGENCE FRANCE-PRESSE here in this capital of Negros Island.

"Many of us have not visited our haciendas," he said, adding that the communist New People's Army (NPA) "Go in and out of subdivisions and enter our houses. And instead of being condemned, they are praised by left-leaning persons in (the) media who glamorize and romanticize their crime."

The planter, who owns a 60-hectare (150-acre) farm in this central island, the country's sugar bowl, said "it is the duty of the military to fight them (the NPA), but their hands are tied because of the limitations imposed by NPA sympathizers in government."

He said El Tigre drew inspiration from the controversial Alsa Masa, a pioneering armed anti-communist vigilante group that enjoys open military backing in the rebellion-torn southern city of Davao.

Right-wing vigilante groups began to surface in the southern Philippines last year, a supposed result of what the opposition claims was inadequate protection given to civilians by the manila government.

The Bacolod planter said El Tigre's backers are "mostly professionals, businessmen and planters," and that "we will just have to help (the military) until we can elect understanding people to the Congress and Senate."

He named three local military officials who he said gave the group "a number of high-powered firearms." The three officers could not be immediately reached for comment.

"We do not really have to ask them because we have enough arms and need only licenses for ourselves and the boys," the planter said, referring to the El Tigre, who he said were told "to strike back at the NPA."

He said the group's initial 300 fighters are recruited from out of school youths, a few adventurers, and sons of landed families in the island.

Negros has been a focal point of the 18-year NPA rebellion, with the collapse of sugar prices in the world market driving workers from bankrupt sugar farms and mills to the hills.

/12232

CSO: 4200/433

EDITORIAL, CARTOON HIT MILITARY ON EDSA ANNIVERSARY

Quezon City ANG PAHAYAGANG MALAYA in English 24 Feb 87 p 4

[Editorial: "Threats to Stability"]

[Text]

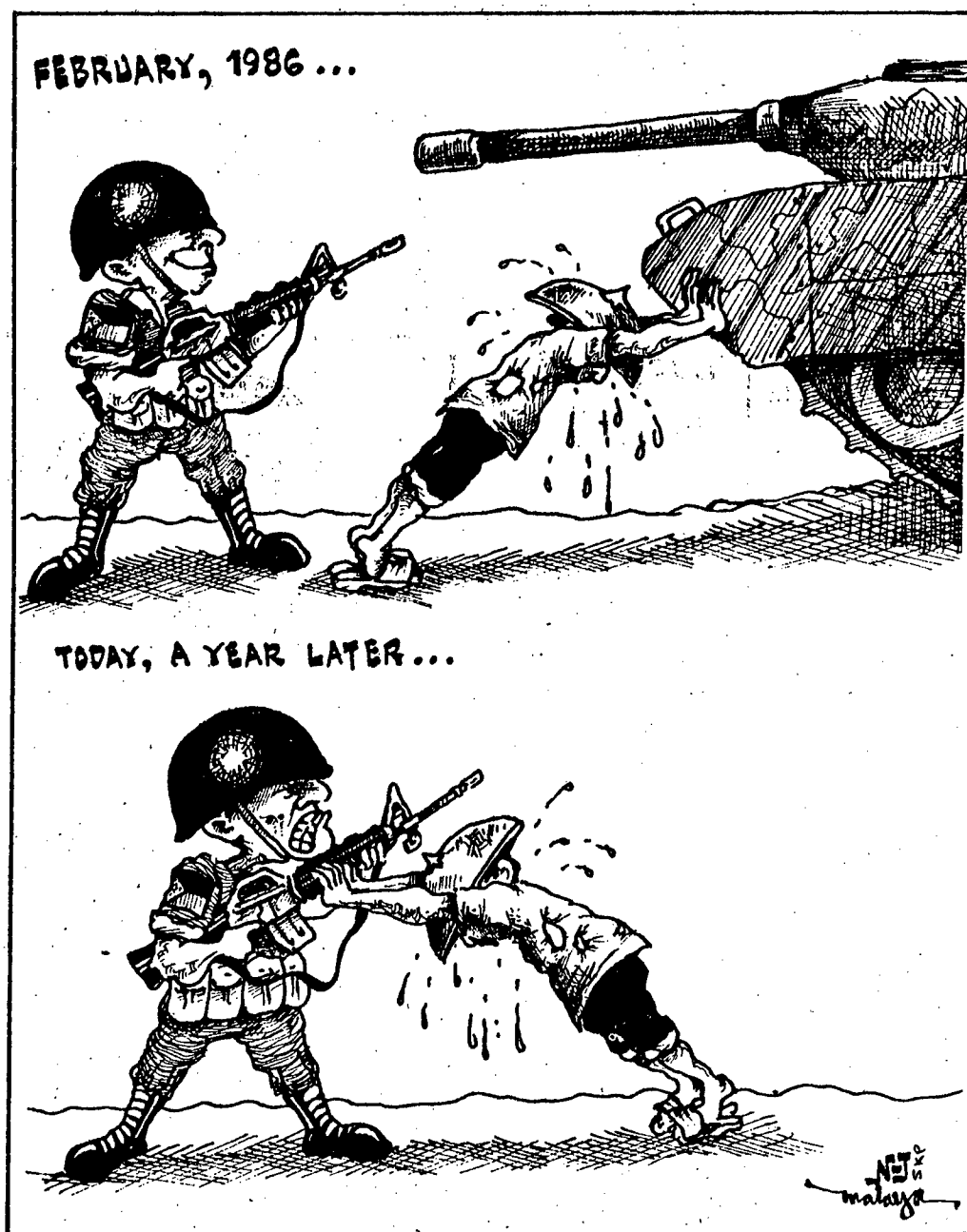
It is quite ironic that as the nation celebrates the first anniversary of the February revolution that led to the downfall of the Marcos dictatorship, the people are now being warned to be vigilant against a segment of the same military establishment that last year played a key role in the four-day revolt.

This is of course not altogether surprising when viewed in the larger context of historical realities, especially the fact that the military for nearly 14 years reigned supreme in an unholy alliance with the hated Marcos regime. What perplexes the public sensibility is the natural leadership's continuing indecisiveness bordering on helplessness in confronting the alleged plotters, whose leaders are supposed to have been identified but still go around scot-free.

The fact is that the same military rebellion that ousted a well-entrenched strongman a year ago also signalled the country's entry in the so-called "Coup Club" among developing countries. And whether we like or not, this a reality we must learn to live with until the time-honored principle of civilian supremacy over the military is effectively restored in the collective consciousness of our military establishment.

Just as important should be our leaders' addressing themselves to the issue of recalcitrants in the military and their minions, whose loyalty to the flag and the Constitution appear to be clouded by their personal loyalty to the leaders of the previous government.

Unless this is done, the people's trust and confidence in our men in uniform will continue to be eroded, particularly in the light of the dismal failure of the present government to attend to the continuing threats to political stability from some elements in the military.



/13046  
CSO: 4200/453



## STRATEGIC STUDIES CENTER VIEWS INSURGENCY ROOTS, SOLUTION

Manila PHILIPPINE DAILY INQUIRER in English 27 Feb 87 p 5

[Commentary by the Center for Strategic Studies: "Roots of the Insurgency"]

[Text]

THE insurgency problem in our country is viewed by many as simply a result of the philosophy, organizing prowess, and dedication of a few Filipino communist ideologues. They view the current revolutionary upsurge as an offshoot mainly of the formation of the *Partido Komunista ng Pilipinas* (PKP) in 1930 which initially saw armed struggle as the only viable solution to the agrarian problem.

When the PKP later engaged in what was described as rightist opportunism, the ideological differences which since then have been brewing between the old and the young party members became irreconcilable. A more potent group of young intellectuals then re-established the Communist Party of the Philippines (CPP) in 1968. Three months after the re-establishment of the Party, the CPP formed its own armed wing the New People's Army (NPA). The PKP later abandoned armed struggle as their principal mode of seizing state power and eventually disbanded in what was described by the CPP as a complete capitulation to the Marcos regime. The PKP recently resurfaced but was reduced to a marginal existence.

Filipino communists project that land reform still remains at the core of the 18-year rebellion, although three issues are being emphasized as the root of all social problems in the Philippines, namely: US imperialism, feudalism, and bureaucrat capitalism. CPP leaders contend that these three problems combined make inequitable wealth distribution more and more pronounced and war of national liberation inevitable.

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A review of Philippine history offers additional insight on the land-based explana-

tion for insurgency. Peasant revolts against the Manila government occur every four or five years up to 1872. Five revolts were motivated by personal grievances stemming from a desire for a return to an animist religion supplanted by Christianity. Eight revolts were in opposition to Spanish impositions like tributes, forced labor and forcible sale of agricultural produce to the colonial government. Four revolts were nativistic religious uprisings.

A considerable number, however, involved landgrabbing and *cacique* or landlord exploitation particularly: (1) the Matienza Revolt in the 18th century involving the peasants of Batangas, Laguna, Cavite and Morong (now Rizal) was caused by Spanish Jesuit landgrabbing; (2) the revolution of 1886 for national independence led by the Katipunan which in particular also advocated the expulsion of the Spanish friars and the return of lands expropriated by them from the peasants; (3) the various millenarian revolts against the American colonial government which among others aimed to resist the native *cacique* exploitation and demanded for equal division of lands among the peasants.

During the Japanese occupation period, the guerilla force *Hukbo ng Bayan Laban sa Hapon* (Hukbalahap) organized by the PKP became immensely popular albeit relatively underarmed and ill-trained against the superior Japanese occupation army. Due to the presence of the *Hukbalahap* (later to be known as *Hukbong Mapagpalaya ng Bayan* or (HMB), a limited land reform program was implemented in the guerilla zones. Under the Huk Program, farm produce went directly to the peasants. In areas where the landlords were known to

profess anti-Japanese sentiments sharing of the produce was undertaken.

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Today, the insurgency problem is no longer a purely peasant unrest. Published figures from the Armed Forces of the Philippines show that 6.7 million out of the 54 million Filipinos support the current insurgent movement. In Metro Manila, the AFP claims that some 159 labor unions, 107 schools and 98 squatter areas were "infiltrated" by communists. These figures only prove that the current insurgency problem is not any more limited in the countryside.

The material basis for insurgency has become pervasive in Philippine social life hence "agitation" has seeped in into various sectors of Philippine society.

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Besides the much talked-about comprehensive land reform program, the immediate agenda for the national government if it wishes to solve the problem of insurgency in the country are the following: (1) improve the social condition of our workers through the enforcement of wage and incentives-related labor laws, better quality of working environment, promotion of workers rights and their organized role in development; (2) develop quality and affordable education through a nationalist, scientific and technology-oriented content; enhancement of teacher preparedness, motivation and incentives; improvement of educational facilities, and lower tuition fees; (3) provide preferential treatment for local industrialists primarily through policy incentives and protectionist measures; (4) reform the AFP in terms of orientation, relationship with the people, combat preparedness, and organizational size; (5) recognize and manifest in concrete the respect for the rights, traditions and aspiration for self-determination of particular groups of Filipinos.

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It must be remembered that the so-called insurgency problem has reached its present proportion due to the strategies and tactics which have been adopted by the past Marcos regime. These are still noticeable with the current action on insurgency of the present national government.

The present insurgency forms part of the challenge to the present national government to respond and initiate a complete social transformation in terms of ideologically directed politics, new economic relations, and a genuine nationalist and socially-oriented culture.

/13046

CSO: 4200/453

AQUINO LABOR DAY PRONOUNCEMENTS TAKE EFFECT

HK231123 Quezon City BUSINESS DAY in English 23 Mar 87 p 6

[Text] Executive Order 111 [EO111] which contains last year's Labor Day policy pronouncements of President Corazon Aquino took effect 2 March with the publication of the order in the 16 February edition (Volume 83, No 7) of the Official Gazette. According to policy, the executive order took effect 15 days after its publication in the government publication.

This lays to rest the fears of labor leaders who expressed concern that the publication requirement stood to cause undue delay in implementing the presidential order.

Pat Menzon of the Lakas ng Manggagawa [Workers' Power] in particular, said the delay could have been as much as many months or even years because the job orders of the Bureau of Printing is so voluminous and there are a lot of other executive orders awaiting publication.

With EO 111 now in effect, certain labor relations laws of Book V of the labor code have been repealed. Only employers in highly technical industries are now allowed to employ apprentices and only for a period not exceeding 6 months. Union membership requirements have also been reduced to 20 percent (from 30 percent) of the company's work force. Also, employees of government-owned corporations organized under the corporation law as well as security guards now have a right to unionize, and civil service personnel can now form associations.

The executive order also an automatic certification elections during the freedom period of collective bargaining.[sentence as received] Support requirements in petitions for certification elections in nonunionized establishments have likewise been reduced to 20 percent from 30 percent.

EO 111 likewise amends Paragraph C of Article 264 of the Labor Code by removing the 15-day cooling-off period in cases of union busting and Paragraph F of the same article by reducing the two-thirds strike vote to a simple majority. amended, too, is Article 265 which now provides that police forces shall keep out of the picket lines unless actual violence or other criminal acts occur.

/12232

CSO: 4200/433

## 14 IMF-MONITORED GOVERNMENT FIRMS STILL IN DEFICIT

Manila MANILA BULLETIN in English 24 Feb 87 p 17

[Text]

Fourteen major non-financial government corporations whose financial operations are being closely monitored by the government under the standby arrangement program of the International Monetary Fund will all incur financial deficits in their operations totalling P11.63 billion, according to government data provided to a visiting IMF mission.

The projected P11.63 billion deficit to be incurred by the 14 major non-financial corporations, however, was significantly lower than the P12.6 billion deficit that was projected by the government during the last IMF review in July last year.

The IMF mission is currently in Manila to review the government's compliance to various end-December, 1986 macro-economic performance criteria that will serve as basis for the government's quarterly drawdown from the IMF standby credit.

The government, in consultation with the IMF mission, will also come up with a common set of macro-economic projections for the country's economy in the next two or three years.

The 14 major non-financial corporations, including the National Power Corporation, the Philippine National Oil Company, the National Development Company and the National Food Authority, were projected to generate total receipts this year of P54.303 billion.

But their total expenditures of P65.933 billion (broken down into P50.468 billion, operating expenditures and P15.465 billion, capital expenditures) surpassed the total receipts that they would generate and resulted in a huge deficit in their operations.

Of the 14 major non-financial corporations, the National Irrigation Authority (NIA) is expected to incur the biggest deficit amounting to P2.863 billion, followed by

NFA (including the Food Terminal Inc) with P2.284 billion.

The National Electrification Administration (NEA) has been projected to incur a P1.176 billion deficit this year; Metropolitan Waterworks and Sewerage System, P1.096 billion; PNOC, P752 million; and NDC, P639.6 million.

The other corporations which have been projected to incur deficits in their operations included the following: Philippine Ports Authority, P554.6 million; National Housing Authority, P447 million and Philippine National Railways, P339.8 million.

To finance the huge deficits that the 14 government corporations would incur, the national government has allocated P2.248 billion in equity contributions and P4.474 billion in net lending.

The 14 government corporations are set to borrow from external sources a total of P22.474 billion but will shell out P20.638 billion for loan repayments and amortization.

MOVE FROM IMF 'STANDBY ARRANGEMENT' PLANNED

HK311410 Manila MANILA BULLETIN in English 31 Mar 87 p 17

[By Juanito C. Concepcion]

[Text] The government plans to move out of the stringent standby arrangement with the International Monetary Fund which imposes a lot of conditions for the government to meet before it can draw down its standby credit, Finance Secretary Jaime V. Ongpin said yesterday.

In lieu of the IMF's standby arrangement, the government is planning to move into the "enhanced monitoring scheme" under the IMF which would be a much more liberal arrangement and which would have much less conditionalities, he said.

He said the government rejected suggestions to enter in advance into another standby arrangement with the IMF for 1990 to 1991 because this would entail a lot of conditionalities that the government has been going through during the previous years.

The international financial community, including commercial and official creditors, require debtor countries to have an independent enhanced monitoring scheme, which basically is an indicator of how a debtor country is managing its economy.

Ongpin said the government will make a decision on whether or not it will have another standby arrangement with the fund or go into its enhanced monitoring scheme after the current standby arrangement with the fund expires.

Ongpin explained that a standby arrangement with the IMF is very stringent because the fund lends money to the Philippines under this scheme to meet the latter's short-term deficits.

Because of this loan, the Fund imposes a lot of conditions to ensure that the economy will perform well, he said.

The government, he said fails to draw down from further loan assistance from the Fund in case it fails to meet all the performance criteria that the Fund usually sets as condition for quarterly draw-downs.

But if the country is out of the standby arrangement of the Fund and does not get money from it, the latter's ability to enforce all its conditions to the country will be limited, Ongpin pointed out.

The deposed Marcos Government failed to draw the last tranche of the previous standby credit early last year because of its failure to meet major performance criteria on the base money level which was exceeded because of the wanton spending during the snap presidential elections in February last year.

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CSO: 4200/433

FOREIGN BUYERS IN SMC MUST LACK MARCOS TIES

HK241055 Quezon City BUSINESS DAY in English 24 Mar 87 p 11

[By reporter Ramon R. Isberto]

[Text] Foreign groups aiming to buy into San Miguel Corporation [SMC] will be required to declare that they have no links with Ferdinand Marcos or his business associates, Good Government Secretary Ramon A. Diaz also told BUSINESS DAY.

The government may, if needed, impose certain conditions on the purchase of equity in the brewery-based conglomerate to ensure the continuity of the enterprise, Diaz said.

Over the past weeks, at least four foreign groups have indicated keen interest in buying into SMC. These are Allen and Co., a New York-based investment company which reportedly has a huge kitty for its buy-in bid; two Australian firms, Elders IXL Ltd. and Bond Holdings Corp.; and Asian-American Development Corp., a Hong Kong-based company owned by Hong Kong and Australian interests.

Speculation over the possible involvement of so-called Marcos cronies in the buy-in bids were initially fed by longstanding allegations that Marcos associate Eduardo M. Cojuangco Jr has substantial investments in Australia.

Asked about the possibility that "crony" money may be involved in the pending bids, Diaz said, "We do not know...."

He said, though, that the competing foreign bidders will have to give appropriate assurances that they have no such connections. Otherwise, if such linkages are subsequently discovered by the Presidential Commission on Good Government [PCGG] their investments will be sequestered, he said.

Diaz denied rumors that the bid of Allen and Co. had been rejected by Malacanang, saying no decision on the matter had been made so far. Responding to talk that the U.S. firm would eventually sell parts of SMC's highly diversified operations, he said the government "can always put conditions" that would avert such a sell-off.

The Good Government secretary also stressed that the bids of the foreign groups must first give way to ongoing efforts of SMC and the United Coconut Planters

Bank [UCPB] to reach an agreement on SMC's bid to buy back some 38 million SMC common shares that the bank is now holding in trust for some 1.4 million coconut farmers through the Coconut Industry Investment Fund (CIF). He said the two parties have until 15 April to strike a deal.

The block of shares up for possible sale form part of the total amount of shares which the PCGG sequestered early last year.

The sticky point in these negotiations is still the price. The UCPB is bargaining for a price of p125 per share while SMC is pushing to keep the price at p100.

The talks have become even more complicated because of two recent developments. UCPB Chairman Ramon Sy, recently appointed to the SMC board by the PCGG, has questioned the business sense of SMC's buyback bid, arguing that the transaction would be financially burdensome to the company. Also, the lawyer of the CIIF companies has aksed the UCPB not to push through with the sale of the shares to SMC.

These developments may indicate that UCPB is no longer interested in pushing through with the SMC deal. A UCPB official told BUSINESS DAY earlier that the bank's board of directors was open to the idea of selling the shares to bidders other than SMC or the Soriano group.

That may open the door for foreign groups to come into the scene, particularly since the talks between SMC and UCPB have driven the asking price for the sale to unprecedentedly high levels.

/12232  
CSO: 4200/433



ONGPIN SEES DEBT RISING TO \$35 BILLION IN 1992

Manila MANILA BULLETIN in English 22 Feb 87 p 25

[Text]

The Philippines' foreign debt is likely to grow to \$35 billion by 1992 from \$27.8 billion now, Finance Minister Jaime Ongpin said.

But Ongpin said in an interview that the debt should shrink as a proportion of gross national product (GNP) to 60 percent from its current level of almost 90 percent if growth targets were met.

The Philippines' GNP in calendar 1986 was about \$31.5 billion.

Ongpin said: "But the absolute level of debt dollars will increase. It will grow to close to \$35 billion by 1992. If we don't continue borrowing we will not be able to finance our growth. And in the end we are not going to be able to pay, period." He said it was important to keep debt service at a comfortable ratio.

"Right now we are not there," he said. "Before rescheduling (of \$3.6 billion due between 1987 and 1992) at the moment the ratio is between 35 and 40 percent. After rescheduling if we get what we want from the banks it will come down to between 25 and 30 percent over the next six years."

Ongpin said the situation had improved because income from tourism and remittances by

Filipinos working abroad totalled about \$2 billion a year.

Central Bank Governor Jose Fernandez said this week the country's international reserves stood at \$24.5 billion at end-1986.

Ongpin said he did not foresee any principal repayments by the Philippines in the near future.

"It boils down to a matter of rescheduling principal and then trying to manage interest in such a way that we can pay the interest without retarding our ability to grow," he said.

Ongpin said: "In the Philippines we have made the very painful adjustments to the economy required to guarantee that we will be able to service that interest for the foreseeable future. Of course, in theory I guess one wants to see the principal repaid over time."

He said the government's debt/equity program, launched in August, was functioning well.

"As of last count we had over 70 applications and the value must be over \$260 million. We have approved over 20 applications worth about \$55 million but have turned down over \$150 million because we are going to be very selective." (Reuter)

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CSO: 4200/453

DEFICIT MAY INCREASE BY 1 BILLION PESOS IN 1987

Manila MANILA BULLETIN in English 24 Feb 87 p 17

[Text]

The projected P19.8 billion national government deficit for this year may increase by P1 billion due mainly to possible failure to hit the originally projected revenue target of P94.9 billion and probable increase in government expenditures in support of the government corporate sector, government sources said yesterday.

Doubts on the achievement this year of the projected revenue target were based on delays in the implementation of several tax generating measures included in the tax reform package approved by the Cabinet middle of

last year, sources said.

The government still has to firm up how much it would really spend to support the government corporate sector, many of which are expected to incur deficits in their operations this year.

Fourteen major non-financial government corporations, for instance, have been projected to incur this year a total deficit of P11.63 billion in their operations and will require this year total government equity of P2.248 billion plus P4.474 billion in government net lending.

Sources said the cash budget of P114.7 billion which was

approved for this year by the Cabinet last November would still stand.

Sources said the budget deficit is still being firmed up right now by the government in consultation with a visiting mission from the International Monetary Fund.

The IMF mission is currently in Manila to take up with the government a common set of macro-economic projections for the economy in the next two years and to set up, in consultation with the government, quarterly monetary targets that the government should meet for the latter to draw on the IMF standby credit.

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CSO: 4200/453

\$62 MILLION TRADE DEFICIT RECORDED IN JANUARY

HK231203 Quezon City BUSINESS DAY in English 23 Mar 87 p 3

[Text] January this year saw the country suffering a trade deficit of \$68 million, with the country's export earnings of \$368 million short of the \$436 million it spent on imports.

However, the export earnings were higher by \$49 million compared to those of January last year.

Data gathered by the National Census and Statistics Office show that out of 28 export commodity classifications, 23 registered a decline in January compared to last December.

The biggest declines were suffered by petroleum products from a free-on-board value of \$10.8 million in December to only \$200,000 in January; clothes and clothing accessories from \$86.9 million to only \$73.5 million; unworked, unpolished and uncoated copper bars, rods and slabs from \$19.9 million to \$12.3 million; and electronics and components from \$73.6 million to \$71.7 million.

On the other hand, imports of manufactured fertilizers more than doubled last January to \$7.9 million from only \$3.8 million in December. Imports of mineral fuel, lubricants and related materials also rose to \$72.9 million from \$60.7 million; imports of base metals up to \$24.2 million from \$18.2 million; imports of dairy products and birds' egg up to \$10 million from \$7.1 million; and paper manufactures to \$8 million from only \$4.6 million.

Total trade for January amounted to \$804 million, 3.7 percent lower than December's record to \$835 million. However, it was 1.45 percent or \$102 million higher than the \$702 million posted in the same period last year.

/12232

CSO: 4200/433

PAPER REPORTS SHRINKING COCONUT EXPORT MARKET

HK231211 Quezon City BUSINESS DAY in English 23 Mar 87 p 7

[Text] Foreign exchange earned from exports of coconut products last January dropped by 8.8 percent to \$44.543 million from \$49.091 million earned during the same month last year. It was, however, 1.7 percent higher than December's \$45.301 million.

Figures from the United Coconut Association of the Philippines [UCAP] indicated that total volume for the month slipped to 163,924 metric tons [MT], in copra terms, or by 2.3 percent from last year's 167,747 MT. Compared to December figures, it was a 16.6 percent drop from 196,610 MT.

Coconut exports were shipped to 15 destinations, namely: Western Europe, the United States, Soviet Union, Japan People's Republic of China, Taiwan, Australia, Hong Kong, Canada, Papua New Guinea, Israel, South Korea, Singapore, Malaysia and Bahrain.

West European countries absorbed \$21.531 million worth of coconut products. In terms of volume, the group bought a total of 132,153 MT.

The U.S. market was the second biggest importer but total foreign exchange earned amounted to only \$9.924 million, a significant drop of 39.5 percent from last year's 416.414 million. Total volume likewise slid by 19.7 percent from 40,721 MT to 32,712 MT.

Earnings from Japan jumped from \$1.298 million to \$1.911 million and total volume went up to 7,923 MT from last year's liftings of 4,371 MT. China started to buy 5,774 MT of coconut products from the Philippines early this year as against zero last year.

Like China, other countries such as Malaysia and Bahrain also imported coconut products from the Philippines for the first time. Gains were also noted in other countries like Taiwan, Australia, Hong Kong and Papua New Guinea.

Declines, however, were noted in the Soviet Union, Canada, South Korea, Singapore, and Israel.

Extreme dependency on the United States and West Europe as outlets for coconut products was clearly reflected in the January transactions. In January 1987,

the combined volume of both markets reached 164,865 MT, accounting for 87.2 percent of total exports while the combined amount of \$31.456 million represented 80 percent of total earnings. Last year, total shipments absorbed by both markets accounted for 84.7 percent while total value represented 79.9 percent.

One of the main reasons Europe accounts for a major portion of Philippine coconut exports is that virtually all of Philippines' copra meal is shipped there. A second reason is that Europe has remained a major buyer of coconut oil.

UCAP says all this indicated that Europe is a very important market for Philippine coconut products. But recent developments in the European Economic Community (EEC) could endanger the Philippines' market posture in the continent.

There is a pending move for EEC-wide imposition of a 0.02 parts per billion restriction on aflatoxin content of copra meal.

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CSO: 4200/433

TARIFF COMMISSION RECOMMENDS ACCELERATED WORK LIBERALIZATION

HK231207 Manila MANILA BULLETIN in English 23 Mar 87 p 25

[Text] The Tariff Commission has recommended to the National Economic and Development Authority (NEDA) the accelerated lifting of import controls on 72 items out of the 290 remaining products covered by the import liberalization program.

The scheduled freeing of these items, which included basic iron and steel products, synthetic resins, textiles, paper and paperboard and refractories, had to be revised since the original scheme failed to take into account the rational order of import liberalization whereby raw materials or intermediate products will have to go first before finished products.

Based on earlier public hearings conducted by the Tariff Commission, the NEDA, and the Trade and Industry Department, the private sector has agreed to the acceleration as long as tariff adjustments and the necessary safeguards against technical smuggling are put in place.

The business sector specifically urged that the Bureau of Customs implement its system efficiently and that valuation and anti-dumping measures be effectively put in place.

Of the 72 items which the Tariff Commission proposed for acceleration, about 43 paper and paperboard products were identified to have lesser degree of processing involved than the other paper items.

In the case of six iron and steel products included by the commission, tin plates are proposed to be liberalized by the end of this year ahead of canned fish and meat products, which are slated to be relaxed in April next year.

Of the 11 textile items which will also be accelerated, inputs for the manufacture of yarns such as polyester fibers have been re-scheduled for June. The lifting of import controls on yarns are scheduled October this year.

Synthetic resins, which are set to be freed in April next year, are likewise proposed to be moved to June this year. Local producers, however, insisted that alternative specific rates of duty are being imposed by the Commission so as not to place them at a disadvantageous position vis a vis the imported products.

ECONOMIC INDICATOR ON UNMANUFACTURES EXPORTS GAIN

HK241020 Quezon City BUSINESS DAY in English 24 Mar 87 p 2

["Economic Indicator" column: "Unmanufactures Gain in Volume and Value"]

[Text] Export of nontraditional unmanufactures recorded a 15.35 percent increase in the January to November period of 1986 with a freight-on-board value of \$526 million from \$456 million in 1985, data from the Central Bank showed.

Despite favorable price increases--from an average of \$2,967 to \$4,367 per metric ton [MT]--the demand for local fresh/preserved fish remained unchanged at \$30,000 MT for both years. Value of fish exports was \$131 million in 1986, up 47.10 percent from \$89 million in the previous year.

Based on the gradual but steady rise in both volume and value of fishery exports in the last 4 years, Bureau of Fisheries and Aquatic Resources director Juanito Maslig said the country is expected to increase its earnings from the fishery sector to P4.7 billion this year.

Exports of coffee beans were up by 57.69 percent--from 26,000 MT in 1985 to 41,000 MT in 11 months last year--as a result of a production setback in Brazil, one of the world's largest coffee producers. The uptrend in local production of coffee beans and the increase in world prices (from \$2,269 per MT in 1985 to \$2,780 in 1986) also contributed to increased values (from \$59 million in 1985 to \$114 million in 1986.)

During cropyear 1985/86, the country's coffee production (Robusta, Arabica and other varieties) increased by 2.31 percent from 133,436 MT to 136,515 MT. For 1986, a total of 147,840 hectares of land were planted to coffee crops, 1.65 percent over the 145,440 hectares in 1985. Value-wise, coffee beans harvested in cropyear 1985/86 grossed P3,882 million, 8.13 percent higher than the P3,590 million worth produced in the previous cropyear.

Bananas, one of the top dollar earners of the country, posted a 14.29 percent increase, from \$105 million to \$120 million. Some 794,000 MT of bananas were sold at an average price of \$151 per MT in 1986 as compared with 734,000 MT at an average price of \$143 per MT in 1985.

Meanwhile, production of bananas for cropyear 1985/86 reached 3.82 million MT, an increase of 3.30 percent from 3.70 million MT in cropyear 1984/85. Hectarage

devoted to this crop increased slightly by 0.57 percent to 330,060 hectares in 1.86 from 322,200 hectares in 1985.

Due to declines in both production and world market prices, nickel exports had foreign exchange earnings of \$15 million for the period under review, 73.21 percent down from \$56 million in 1985. An the average price of nickel in the owrld market declined (from \$4,667 per MT to \$3,750 per MT), the volume of shipments was also reduced by 66,67 percent, or to 4,000 in 1986 from 12,000 in 1985.

Nickel production likewise decreased because of the continued non-operation of Nonoc Mining and Industrial Corp. which continued to be plagued by serious financial problems and poor weather conditions at its Hinatuan minesite. Chamber of Mines of the Philippines data show Nonoc Mining stopped operations in March 1986.

Exports of Nontraditional Unmanufactures--January to November 1985 and 1986  
(Volume in thousand metric tons; FOB value in million U.S.\$)

	1986		1985	
	Volume	Value	Volume	Value
Nickel	4	15	12	56
Iron ore agglomerates	3,242	77	3,504	83
Bananas	794	120	734	105
Mangoes	7	6	8	7
Coffee, raw, not roasted	41	114	26	59
Fish, fresh or preserved	30	131	30	89
Rice	--	--	--	--
Others		63		57
Total		526		456

Source: Central Bank

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CSO: 4200/433



## PHILIPPINES

### JAN-NOV SILVER PRODUCTION DOWN 1.42 PERCENT

HK251351 Quezon City BUSINESS DAY in English 25 Mar 87 p 2

["Economic Indicator" column: "Silver Loses Luster"]

[Text] Reflective of the general lackluster performance of most mining firms, the producers of silver posted dismal records in the January to November period of 1986. Production dropped 1.42 percent, data gathered from the Chamber of Mines of the Philippines showed.

For the 11-month period, aggregate silver output totaled 48,981.824 kilograms, lower by 706.499 kgs from the year-before production of 49,688.323 kgs.

A major factor that pulled the figure down was the cessation of operations of Batong Buhay Gold Mines, Inc. following an explosion which felled two steel towers supporting high tension electric wires supplying power to the mining firm.

It was the fourth temporary mine closure for that year also for the same reason. Batong Buhay's output for the first 10 months of 1985 totaled 885.308 kgs.

Eight of the 13 silver producing members of the chamber were plagued by problems of increased production costs, continuous price drops in the world markets, and low milled ore, all of which resulted in negative growth figures.

Since 1984, prices of silver in the world market have been on the downtrend. As of end-March 1984, the average price in New York was recorded at \$9.674 per troy ounce, the highest price in the last 3 years. In July 1986 the price took a sharp dive to \$5.05 per troy ounce.

All the eight active silver producers registered negative production results for the period under review: Marcopper Mining Corporation: 4,658.26 kgs in 1986 from 6,345 kgs in 1985, by 1,687.140 kgs or 26.59 percent; Atlas Consolidated Mining and Development Corp (Cebu/Masbate): 9,292.668 from 10,708.658, by 1,415.99 or 13.22 percent; Benguet Exploration, Inc (Thanksgiving/Copper Shiel): by 672.468 or 29.35 percent; Surigao Consolidated Mining Co, Inc: by 584.627 or 22.86 percent; Philex Mining Corp: 552.615 or 10.46 percent; North Davao Mining Corp (Amacan): by 517.716 or 19.61 percent; Apex Mining Co, Inc: 229.973 or 43.01 percent; and Manila Mining, Inc: 18.178 or 27.65 percent.

On the other hand, Maricalum Mining Corp., formerly a part of Marindugue Mining and Industrial Corp., which started commercial operations in August 1985, extracted a total of 7,526.546 kgs during the period under review, becoming the third biggest silver producer among the 13 member firms. This represented a 277.68 percent growth from its 1,992.838 kgs production in the previous year.

Silver Production--January to November 1985 and 1986--(volume in kilograms)

	<u>1986</u>	<u>1985</u>	<u>Percentage Change</u>
Benguet Corp (Balatoc/Dizon)	10,146.647	10,023.287	1.23
Atlas Consolidated Mining and Development Corp (Cebu/Masbate)	9,292.668	10,708.658	(13.22)
Maricalum Mining Corp	7,526.546	1,992.838	277.68
Lepanto Consolidated Mining Co.	6,331.614	6,196.345	2.18
Philex Mining Corp	4,728.884	5,281.499	(10.46)
Marcopper Mining Corp.	4,658.260	6,345.400	(26.59)
North Davao Mining Corp (Amacan)	2,121.943	2,639.659	(19.61)
Surigao Consolidated Mining Co. Inc.	1,972.336	2,556.963	(22.86)
Benguet Exploration, Inc. (Thanksgiving/Copper Shield)	1,618.551	2,291.019	(29.35)
Apex Mining Co., Inc.	304.667	534.640	(43.01)
Itogon-Suyoc Mines, Inc.	232.153	166.974	39.04
Manila Mining, Inc.	47.555	65.733	(27.65)
Batang Buhay Gold Mines, Inc.	*	885.308	--
Total	<u>48,981.824</u>	<u>49,688.232</u>	<u>( 1.42)</u>

\*No production

Source: Chamber of Mines of the Philippines

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CSO: 4200/433

INDICATOR ON MIXED INDICES FOR MANUFACTURING

HK261115 Quezon City BUSINESS DAY in English 26 Mar 87 p 11

["Economic Indicator" column: "Mixed Indices for MFG"]

[Text] The value of production index declined by a slight 0.8 percent last December and the employment index posted a moderate 0.4 percent gain, but the compensation index shot up 15.7 percent to 134.1 points from the 1985 level of 115.9 points.

This was the result of the latest survey conducted by the National Census and Statistics Office (NCSO) covering some 500 top manufacturing companies.

Additional remuneration ranging from Christmas bonuses to 13th-month salaries and commissions helped push up the index of compensation to its highest since 1985.

The compensation index measures the total remuneration paid in cash and in kind to employees at regular intervals both for the time they were working and during their annual vacations, paid leaves, or holidays. This excludes any deductions made by the employer such as taxes, contributions to social security and pension schemes, life insurance premiums, union dues and other obligations of employees.

The NCSO report indicated that increases were recorded in the following sectors: batteries (77.8 percent), processed meat and fish (68.1 percent), miscellaneous manufactures (50.2 percent), grain mill products (49 percent), and transport equipment (48.6 percent), while sizable reductions in compensation were recorded in electrical appliances (-24.4 percent), processed fruits and vegetables (-10.1 percent) and animal feeds (-10 percent).

The index series now has base year 1985 as reference point in accordance with statistical advisory board resolution No 4. The compensation indices for most of the sectors were way above the base level last December except for coconuts, fertilizers, microcircuits, and miscellaneous food products and other manufactures.

Meanwhile, the value of production index, which measures the cost incurred by a manufacturing establishment in producing goods and services for a particular month in the current year compared with that in the base year, slid down by 0.8 points from 107.7 points in 1985.

Sharp declines in petroleum products (-33.2 percent), miscellaneous nonmetallic mineral products (-33.1 percent), bakery products (-27.9 percent), basic industrial chemicals (-26.3 percent), iron and steel (-24.5 percent), and in 12 other sectors combined to pull down the value of production index of 106.8 points last December. Labor strikes which had a high rate of incidence last year may have also taken a heavy toll on the overall output of the manufacturing industry.

On the other hand, the index of employment which had been below the base level since July 1985, managed a slight increase from 94.9 points in December 1985 to 95.3 points last year.

The sectors which recorded significant gains were miscellaneous manufactures (21.2 percent), plastics and plastic products (11.4 percent), electrical lamps and fixtures (8.7 percent), and glass and glass products (8.5 percent). Workforce reduction, on the other hand, was high in fertilizers (-254.7 percent), microcircuits (-25.3 percent), and processed meat and fish (-22.7 percent).

Summary Indices for Manufacturing January to December 1985 and 1986--(1985 equal 100)

Month	Value of Production		Employment		Compensation	
	Index	Percent Growth	Index	Percent Growth	Index	Percent Growth
<u>1985</u>						
January	100.6		109.1		99.4	
February	98.9		105.2		95.0	
March	105.4		104.3		99.1	
April	99.4		100,393.1			
May	105.8		101.0		100.4	
June	96.4		100.0		98.5	
July	96.4		99.0		99.6	
August	97.8		98.0		99.2	
September	88.2		96.0		98.9	
October	103.0		95.1		97.4	
November	100.4		95.7		103.6	
December	107.7		94.9		115.9	
<u>1986</u>						
January	89.8	-10.7	93.8	-14.0	97.6	- 1.8
February	93.3	- 5.7	93.8	-10.8	92.8	- 2.3
March	94.7	- 1.2	93.6	-10.3	95.7	- 3.4
April	95.0	- 4.4	93.5	- 6.8	99.9	7.3
May	97.6	- 7.9	92.5	- 8.4	103.9	3.5
June	101.2	5.0	92.5	- 7.5	104.3	5.9
July	99.5	3.2	93.7	- 5.4	103.9	4.3
August	100.9	3.2	93.8	- 4.3	103.6	4.4
September	101.3	14.9	94.1	- 2.9	108.0	9.2
October	100.3	- 2.7	93.4	- 1.8	107.8	10.7
November	102.2	1.8	94.8	- 0.9	111.5	7.6
December	106.8	- 0.8	95.3	0.4	134.1	15.7

Growth rates not available for the year 1985

Source: National Census and Statistics Office (NCSO)

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CSO: 4200/433

METAL EXPORTS IMPROVE 4.53 PERCENT

HK271156 Quezon City BUSINESS DAY in English 27 Mar 87 p 11

["Economic Indicator" column: "Gold Leaders Upsurge in Metallic Exports"]

[Text] In spite of low metal prices, poor market demand and production over-capacity in most producer-countries, exports of metallic minerals last year improved considerably over the year-before record. Advance estimates released by the Bureau of Mines and Geosciences (BMG), showed export earnings from metallic mineral products last year rose 4.53 percent to \$784.326 million from \$750.315 million in 1986.

Exports of metallic minerals in the period under review made up a sizable 98.69 percent share of the export pie, leaving a small slice for the non-metallic group.

Gold led the pack with a 9.42 percent increase in volume and 22.83 percent growth in value. Based on BMG reports, the gold "boom" showed the effects of political unrest between the United States and South Africa, mounting inflation, a weak dollar, and low interest rates. From gold exports of 32,062 kilograms valued at \$329.459 million in 1985, the figures went up to 35,081 kilograms and \$404.667 million last year. Included were gold deliveries to the Central Bank of the Philippines and the Philippine Associated Smelting and Refining Corp. (PASAR).

Precious metals, particularly gold, are worth watching as prices are steadily rising. Speculators are optimistic that the price of the yellow metal will continue to be strong as it has successfully broken through the resistance level of \$355 per ounce and has since slowly inched up above the \$400 ounce mark. The price is expected to rise further if inflation in the United States increases as projected.

Export of silver was likewise on the uptrend, recording increases in both volume and value of 11.21 percent (from 47,984 kilograms to 53,365 kilograms), and 73.38 percent (from \$5.545 million to \$9.614 million), and despite the continuing decline of prices in the world market. From the average settled price in New York of \$5.89 per troy ounce in December 1985, it slid down to \$5.37 per troy ounce last December.

Copper cathodes (metal) export receipts, on the other hand, still burdened with oversupply and weak prices, managed to post a slight gain of 2.85 percent in volume; value likewise rose from \$186.963 million to \$189.935 million last year.

Among the chromite products, only the chemical grade posted an increase in volume of 5.03 percent from 11,718 DMT [expansion not given] in 1985 to 12,307 DMT last year. However, its export value fell slightly by 0.26 percent from \$762,000 to \$760,000.

Metallic Mineral Exports--1985 and 1986--(value in million U.S. dollars)

<u>Product</u>	<u>Unit</u>	<u>1986*</u>		<u>1985</u>	
	<u>Used</u>	<u>Volume</u>	<u>Value</u>	<u>Volume</u>	<u>Value</u>
Gold **	Kg	35,081	404.667	32,062	329.459
Silver	Kg	53,365	9.614	47,984	5.545
Nickel (metal) ***	MT	3,541	12.505	15,761	68.968
Nickel (Beneficiated ore)	DMT	303,111	6.910	536,557	13.982
Cobalt (metal)	MT	332	5.028	654	16.334
Copper concentrate	DMT	350,449	113.291	343,154	114.527
Copper cathodes (metal)	MT	134,226	189.935	130,512	186.963
Chromite					
Metallurgical concentrate	DMT	--	--	20,319	1.315
Metallurgical ore	DMT	1,080	0.001	27,045	2.242
Refractory ore	DMT	68,449	5.117	102,610	9.784
Chemical grade	DMT	12,307	0.760	11,718	0.762
Zinc concentrate	DMT	3,280	0.498	2,365	0.434
Total			784.326		750.315

\* Advance estimates

\*\* Includes gold deliveries to the Central Bank and PASAR

\*\*\* Nonoc Mining and Industrial Corp only

Source: Bureau of Mines and Geo-sciences

/12232

CSO: 4200/433

INCREASE IN INVESTMENTS REPORTED FOR FEBRUARY

HK301347 Quezon City BUSINESS DAY in English 30 Mar 87 p 2

[Text] A 30 percent increase in investments registered with the Board of Investments [BOI] was recorded for the month of February, a Department of Trade and Industry press statement said yesterday.

Total investments reached P279.36 million compared with P215.354 million in the same period last year.

Trade and Industry Secretary Jose Concepcion, Jr said the number of BOI-registered projects rose by 488.2 percent from only 17 projects in February, 1986 to 100 projects this year.

About 4,744 new jobs will be created as a result of the increase, Concepcion noted. In the comparable period last year only 548 new job openings were reported. This means an increase of 766 percent in employment generation.

Investments in January and February add up to a total P470.644 million. Compared with 1986 figures for the same months, or P273.64 million, this represents a 72 percent increase in total BOI-approved equity.

Concepcion also called attention to a new pattern in investments. He said local investors registered projects worth P187.29 million or 67 percent of total investments. This was a 224 percent increase in domestic capital against a 42 percent decline in foreign investments of P92.1 million.

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CSO: 4200/433

REPORT SHOWS FALL IN NUMBER OF STRIKING WORKERS

HK301355 Quezon City BUSINESS DAY in English 30 Mar 87 p 7

[Text] The number of workers involved in strikes has declined by 68.3 percent, from 56,434 between 1 January and 22 March 1986 to 17,905 during the same period this year.

Mandays lost likewise dropped by 33.5 percent, from 740,925 a year ago to 493,032 this year.

These were among the highlights contained in a report submitted last Friday to Labor Secretary Franklin M. Drilon by the Labor and Employment Statistics Bureau headed by Sonia Castro.

According to the report, the strike figure also seemed to be on the decline, saying there were 53 strikes tabulated between 1 March and 22 March 1986 and 28 strikes registered during the same period this year.

However, the total number of strikes between 1 January and 22 March of both years remained high--113 for 1986 and 111 for 1987.

The Department of Labor and Employment also reported that the number of strikes disposed of during the 1 January-22 March period this year reached 120, or 81.8 percent higher than last year's 66 cases. This year's disposition rate is 75.5 percent as compared to last year's 51.2 percent.

Of the 39 strikes, 25 involved less than 100 workers, 11 had 100-499 workers, and 2 had 500 or more workers. Of the 39 strikes, 13 were in the National Capital Region.

Strike duration this year was longer by only 1 day, 10 days in 1986 as compared to 11 days in 1987.

The report also indicated that strike notices filed from 1 January to 22 March 1987 rose to 362 from 254 in 1986, up by 42.5 percent. With carryovers from last year, total notices handled stood at 565 as against 419 last year.

The number of disposed cases was proportional to the number of notices filed, although the disposition rate last year was a little bit higher, 58.9 percent as compared to this year's 57.5 percent. A total of 240 notices remained on file by 22 March 1987, compared to 172 in the same period last year, the report added.



EMPLOYERS OPPOSE LABOR DEMAND FOR MORE PAY

HK311412 Quezon City BUSINESS DAY in English 31 Mar 87 p 3

[Text] The employers Confederation of the Philippines (ECOP) is against the labor sector's demands for a 20-30 percent increase in minimum wage for the private sector which came in the wake of President Aquino's granting of a pay hike to 1.2 million government workers. ECOP opposes the current efforts including that of government to study a possible wage hike for the private sector. President Aquino has reportedly created an inter-agency committee to study the possibility of granting a two-scale pay hike to the private sector workforce.

ECOP officials said, "Any undue increase in the cost structure of business would prove fatal to the viability of industries." Raoul Inocentes, ECOP president, stated, "The government should wait until business and industry can operate at a normal capacity before deciding to impose an increase in minimum wage.

Inocentes further stated his preference for Labor Secretary Franklin M. Drilon's stand on minimum wage--that BCA and free market forces be allowed to operate in determining all wage levels in the industry.

The ECOP also for the government's announced plan of formulating wage guidelines at both macro and micro level to help management and labor determine what should be a reasonable and just wage level.

Both labor and management in last year's tripartite conference had agreed that the government, as a general policy, shall not intervene in wage determination particularly in unionized firms. The issue of minimum wage may be placed on the agenda of this year's tripartite conference, Drilon said.

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CSO: 4200/433

## BRIEFS

AQUINO ON SALARIES--President Aquino assured that she will work for the increase of salaries of employees in the private sector. She said she will consult with private sector employers regarding the salary hike. The president said this in giving (?comment) to the request for a 30 percent salary hike in the minimum wage for private sector employees. The request was made by two labor federations, the Trade Union Congress of the Philippines and the Kilusang Mayo Uno [KMU--1 May Movement] following the government's grant of up to 20 percent increase in the salaries of state workers. The labor representatives said the present 54 pesos daily minimum wage is hardly enough to meet even the mere requirements of a family of six everyday. They said what is needed is 80 to 90 pesos to satisfy the real requirements. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 27 Mar 87 HK] /12232

BOW ATTACK KILLS 7--Seven persons, including 2 Constabulary soldiers, were killed Saturday when some 150 communist terrorists using bows and arrows attacked a remote Constabulary detachment in Barangay Bitawan, Ilagan, Isabela. Also wounded in the attack were two Constabulary soldiers and a Civilian Home Defense Force [CHDF] member. In a report from PC-INP [Philippine Constabulary--Integrated National Police] Region 2 Chief Brigadier General Manuel Aguila to PC-INP Chief Major General Renato de Villa yesterday [29 March], Aguila identified those killed as Sergeant Ruben (Gisaria), PC non-commissioned officer in charge of the detachment; Constable First-Class Meliton (Lagunilla); and CHDF members Avelino (Pagdirigan), Isidro (Livares), Salvador (Una), Tomas (Carera) and Eugenio (Abria). [Text] [Manila Far East Broadcasting Company in English 2300 GMT 29 Mar 87 HK] /12232

AQUINO CAMPAIGNS IN MINDORO, PALAWAN--President Aquino flew to Mindoro and Palawan yesterday to campaign for her ruling coalition's 24 candidates in the 11 May senatorial elections. The president asked voters to elect all of her candidates and not allow her opponents even a single seat. Mrs Aquino said she needs strong political support to solve the country's economic ills and defeat the communist New People's Army, founded 18 years ago today. [Text] [Quezon City Sports Radio 738 in English 0200 GMT 29 Mar 87 HK] /12232

AQUINO AGAINST NPA--The president's support for mass action against communist rebels and other oppressive groups was declared by President Aquino at a political rally in Davao City. She said clearly that movements like the Nakasaka [people united for peace] in Davao Del Sur are appreciated as long as they are

the consensus of the people. Also endorsed by the president was the Alsa Masa [People's Uprising] working against the NPA in Davao City. The president cited them as effective weapons against the communists. [Aquino recording indistinct] [Text] [Manila Far East Broadcasting Company in English 2300 GMT 30 Mar 87 HK] /12232

ANTI-NPA RALLY--Some 3,000 former NPA rebels and sympathizers held an indignation rally in Orion, Bataan, protesting the founding anniversary of the rebel movement. The rallyists came from Bulacan, Nueva Ecija, Pampanga, Bataan, Tarlac, and Zambales. The various delegations converged in two separate places and merged at the junction of the Gapan-Olongapo Road near the MacArthur Highway in San Fernando, Pampanga. The group then proceeded to Orion, where several speakers urged their former comrades to come down from the hills and live in peace. [Text] [Baguio City Mountain Province Broadcasting Company in English 0330 GMT 30 Mar 87 HK] /12232

7 AREAS 'CRITICAL' FOR POLLS--The Commission on Elections (Comelec) has declared seven areas of the country as critical which may be placed under the Comelec's direct control unless the situations there improve before the elections on 11 May. Comelec Chairman Ramon Felipe Jr identified the critical areas as the entire province of Lanao del Sur and Marawi City, parts of Lanao del Norte, the entire province of Sulu, the first district of Ilocos Sur, the first district of Cebu including Danao City and Camotes Island, parts of Maguindanao and certain areas of Negros Occidental. Chairman Felipe directed Comelec Assistant Operations Director Vicente (Geroche) Jr to study the situations in those areas and to make the necessary recommendations immediately. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 30 Mar 87 HK] /12232

CSO: 4200/433

SINGAPORE

VISITING UK OFFICIAL DISCUSSES BRITISH PRESENCE IN ASIA

BK311149 Singapore Domestic Service in English 1100 GMT 31 Mar 87

[Text] The visiting British secretary of state for defense, Mr George Younger, says Britain cannot ignore the presence of Vietnamese troops in Kampuchea nor the strengthening of links between the Eastern Bloc and its client states in Southeast Asia. He said Britain was not careless of the threat that exists with friends in this part of the world. He was speaking at a breakfast meeting this morning with members of the British Business Association. Mr Younger said although Britain withdrew its forces from Singapore 15 years ago, it was still [words indistinct].

Singapore remains Britain's principal trading partner in Southeast Asia. Mr Younger, however, said Britain could no longer aspire to be a global policeman. The scope for military action in support of regional security is extremely limited, and the principal tool must be diplomatic, economic, and cultural.

Referring to Hong Kong, Mr Younger said the eventual withdrawal of British forces would not signal the end of their interest in the area. This is not only because of the Soviet influence, but also because countries in the region are enjoying high economic growth rates.

This afternoon, Mr Younger called on Mr Lee Kuan Yew at the Istana [Palace]. He was earlier hosted for a lunch by the second minister for defense services, Brigadier General Lee Hsien Loong.

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CSO: 4200/447

VISITING FRENCH OFFICIAL MEETS WITH FOREIGN MINISTER

BK310948 Bangkok Voice of Free Asia in Thai 1030 GMT 30 Mar 87

[Text] Sarot Chawanawirat, director general of the Foreign Ministry's Information Department, disclosed that (Francois Misof), advisor to the French prime minister, met with Foreign Minister Air Chief Marshal Sitthi Sawetsila for 1 hour this morning. He said:

[Begin recording] (Misof), a specialist in Indochinese affairs, has personal relations with many Vietnamese leaders. He has been invited to visit Vietnam by the Vietnamese leaders. In his capacity as advisor to the French prime minister on French and ASEAN cooperation, he deemed it appropriate to stop over in Bangkok before proceeding to Vietnam to hold consultations and learn about Thailand's stand on the Cambodian problem and related developments, in particular after the Soviet foreign ministry's stopover here, and the outcome of the recent negotiations between the Thai and Lao delegations. The Thai foreign minister briefed (Misof) on what happened.

(Misof) said that France will follow and adhere to the stand of Thailand and ASEAN in seeking solution to the Cambodian problem. After his visit to Vietnam, he will come back and inform the foreign minister about the result of his trip. [end recording]

Regarding France's stand on the Cambodian problem, he said: [Begin recording] France has been supporting ASEAN in this regard. During his recent visit to Thailand, the French deputy foreign minister made it clear that France fully supports Thailand and ASEAN in dealing with not only the Cambodian problem but also the refugee problem as well as their other policies. France today is different from the past. The present French Government has energetically shown keen interest in the Cambodian problem. [end recording]

Touching on Thailand's stand on the Cambodian problem, Sarot said: [Begin recording] As he [Air Chief Marshal Sitthi] said in the interview on his meeting with Shevardnadze, we call for the withdrawal of troops and national reconciliation [preceeding two words in English]. They want national reconciliation before troop withdrawal which we do not think is right. National reconciliation should be made after the withdrawal of Vietnamese troops. We are ready to accept Heng Samrin in the process; but they refuse to allow the Pol Pot side to take part.

Neutralization of Cambodia was also discussed during the meeting between the foreign minister and Shevardnadze. The Thai foreign minister and his Soviet counterpart did not go into details. So far, judging from Shevardnadze's statements, we do not think that any significant change has been made. He mostly reflected the Vietnamese stand on the Cambodian problem. However, we are still hopeful because at least the Soviet Union has shown some change in its stand. Formerly, it refused to talk about this issue by saying that we have to talk to Vietnam and Cambodia. Their attitude has changed at least one step. In other words, they have agreed to talk to us and China.

In fact, they talked to China first. China has always regarded the Cambodian problem as a major obstacle which can hinder the effort to solve other problems pertaining to relations between the Soviet Union and China. They have now started to talk to us. This is an improvement.

(Misof) will visit the Soviet Union in May and follow up new developments. Meanwhile, he said he had not expected anything too much but he believed that he could further find out more about their opinions concerning the Cambodian problem. [end recording]

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CSO: 4207/166

## DEPUTY FOREIGN MINISTER REPORTS ON TRIP TO ROK, JAPAN

BK290938 Bangkok Domestic Service in Thai 1300 GMT 28 Mar 87

[Text] Speaking to newsmen upon returning from the ROK and Japan, Deputy Foreign Minister Praphat Limpraphan said he and nine MP's visited the ROK at the invitation of the Thai-Korean Parliamentary Friendship Association. While in the ROK, he and his party met with the association's president, the ROK parliament president, and the ROK deputy foreign minister to strengthen friendship and understanding and discuss bilateral trade. The ROK ban on importing Thai tapioca flour for industrial use and the fluctuating trade volumes were also discussed. For example, this year the ROK has bought relatively little Thai corn, and Korea was asked to buy more. As a result of the discussion, the Korean side expressed readiness to resolve the above-mentioned problems. The Korean side was also informed that Thailand has removed the double taxation problem to encourage more convenient Korean investment.

On trade discussions in Japan, Praphat said the meetings with officials of various Japanese sectors brought some success. The Japanese were assured that Thailand will resolve the economic problem along the lines noted in the white book. Japanese investors were urged to invest in medium and small industries in Thailand so that Thai farmers can sell their products to these industries, thus creating more jobs for rural Thai people and discouraging them from migrating to Bangkok for jobs. The Japanese were given assurances that although there are frequent political changes in Thailand, they have not affected investment by foreigners. Assets of foreign investors have never been confiscated or plundered. Thailand has always tried to rectify flaws for the increased convenience of foreign investors. The Japanese appeared to understand this, and there is a trend for Japanese investors in Thailand to switch to export industries. The Japanese were also informed of Thailand's celebration of the 100th anniversary of Thai-Japanese relations, the king's 60th birthday, and the organization of Visit Thailand Year.

/9716

CSO: 4207/166

PAPER POSES QUESTIONS FOR LAOS TO ANSWER AT TALKS

BK261014 Bangkok SIAM RAT in Thai 25 Mar 87 p 8

[Editorial: "Proposals for Laos"]

[Text] We would like to extend our welcome to the Lao delegation once again on the occasion of its visit to Thailand in response to the recent visit to Laos by a Thai delegation. That visit ended with satisfactory results because it helped improve the relations and understanding between the two nations to a certain extent.

The Lao delegation, led by Lao Deputy Foreign Minister Souban Salitthilat, is scheduled to hold discussions with Thai officials as a continuation of the earlier talks. It is expected that they will touch on the issue of opening more border checkpoints. There are now only three border checkpoints--one in Mukdahan Province and two in Nong Khai.

Regarding the opening of border checkpoints, we sympathize with Laos which needs more goods from Thailand. Laos need a large number of consumer products from Thailand to help ease shortages because Laos produces only a small number of such goods or cannot produce them at all. It also cannot depend on its ally Vietnam because Vietnam also faces shortages. As a result, the opening of border checkpoints will also help relieve the shortages in Vietnam.

As for other issues to be discussed, and since the prime minister's adviser, Arun Phanuphong, the chief delegate of Thailand, has said that no specific agenda for the talks has been set up, we would like to suggest some additional topics so that the Lao representatives can explain to the Thai side about the situation of the Lao government in order to help further strengthen relations between the two countries.

First, Laos should be asked to explain its accusation that "bad elements" in Thailand have sent Lao refugees in Thailand to carry out subversive activities, and the bomb explosion at the Soviet Cultural Center in Vientiane during the visit of Soviet Foreign Minister Eduard Shevardnadze was masterminded by the "bad elements" in Thailand. We do not know whether Laos has any evidence or if it just made the charge as propaganda to please somebody. As the mass media, although not a mouthpiece of the government, we have to protect the reputation of the country. We would like Laos be careful in issuing official news.



Please do not use any kind of propaganda which might obstruct the moves to improve the relations between the two nations.

Second, we would like to ask Laos whether the 38 Hmong Repatriated from Thailand for illegally entering the country were killed or harmed by Lao authorities as the U.S. has charged.

The reason we have to ask clarification on this issue is because Thailand has not violated human rights, and we must protect the reputation of Thailand which has tried its best to humanely assist the Indochinese refugees but has been unfairly blamed in return.

We are eager to see perfect relations between Thailand and Laos without mutual suspicion. So, we want straightforward answers from Laos on these issues. Otherwise, Thailand's reputation in the international arena will be affected and Thai-Lao relations will also suffer.

We want to stress once again that perfect relations between Thailand and Laos can provide significant benefits to both sides. If Laos can prove that it is sincere and is seriously interested in improving bilateral relations, then the opening of the additional border checkpoints that Laos needs is not a difficult issue and Thailand is willing to do it.

We eagerly hope that the talks will progress well as desired by both sides.

/9716

CSO: 4207/166

## EDITORIALS VIEW SOUBAN VISIT, LAO-THAI RELATIONS

[Editorial Report] Two Thai language dailies, THAI RAT, and NAEO NA, on 28 March carried editorials commenting on Thai-Lao relations related to the visit by Lao delegation led by Lao Deputy Foreign Minister Souban Salitthilat on 24-28 March.

THAI RAT's 500-word editorial on page 3, entitled "Thai-Lao Relations," expressed the hope that the current visit to Thailand by the Lao delegation would be a step in forging better Thai-Lao relations as it would enable both sides to learn about problems from each other. The Lao deputy foreign minister raised the issue of the recent celebration commemorating Thai heroine Thao Suranari in Nakhon Ratchasima Province saying the historical play was "too much of an insult to Laos." THAI RAT believes this too should be settled through discussion between friends, and should not be considered a political issue.

Both countries should, instead, concentrate on future cooperation and understanding as this will benefit the peoples of the two countries. "Cooperation between the governments and good understanding between the peoples will contribute to future relationship between the two neighbors and will help them steer clear of unnecessary disputes," the paper says.

NAEO NA's 500-word editorial on page 3, entitled "Thai-Lao Sincerity," notes that there still exists some suspicion although both countries stated that their talks concluded well. For example, the Lao protest over the historical drama held in Nakhon Ratchasima Province to commemorate the Thai historical figure Thao Suranari reflects this point. "Thailand has its right to use episodes in the history of Thailand' relations with other countries, including neighboring Laos, as theme for drama meant to stir up the sense of patriotism of the Thai people. Laos itself cannot say that it has never put on stage stories insulting Thailand," NAEON NA notes.

The paper says that the issues raised by Lao during the talks, such as its accusation of Thailand spying in Laos, sending elements into Laos for sabotage activities, in addition to the charge about an insult through historical play, and Laos' statement that its special ties with Vietnam is irrevocable make it clear that Thailand could hardly expect improvement in relations with Laos, now, or even in the future talks to be held. After praising Arun Phanuphong, adviser to the prime minister who acted as head of the Thai delegation in talks with the Lao delegation, for his straightforward and sincere approach during talks, the paper concludes: "Improvement of Thai-Lao relations can never be achieved so long as Laos is not liberated from Vietnamese yoke. Any future talks will only be meant for serving certain purposes by Laos. They will drag on endlessly unless some change takes place in Laos."

## THAILAND

### PAPER WANTS NEGOTIATIONS WITH MALAYSIA ON SEA LIMITS

BK300157 Bangkok THE NATION in English 30 Mar 87 p 4

[Editorial: "Controversy over Fishing Zones must be Cleared up"]

[Text] Thai fishermen get into trouble with all neighbouring countries and sometimes as far east as India. But the current dispute over Malaysia holding about 20 fishermen and a dozen fishing boats does not come under the category of poaching. About a thousand fishermen rallying in Pattani claim that their comrades were fishing in Thai waters when they were hauled in by Malaysian gunboats.

As far as we can determine the protests in Pattani are valid because it is contended that fishing off Losin Island is covered by an agreement. However, it has been reported that seven Thai fishermen have pleaded guilty in a Malaysian court to fishing in that country's waters and have been slapped with heavy fines or prison terms in lieu.

The fishermen have demanded that they be escorted by ships from the Royal Thai Navy. This is a legitimate request if the fishing boats operate in Thai waters or international waters. But the Navy cannot escort them across Malaysian waters on their way to international waters because that will be contrary to territorial rights and nobody wants even a minor incident between the two countries involving gunboats.

This should be handled as a strictly political matter. Unfortunately there could not be clear demarcation of economic zones except by reference to latitudes and longitudes which are translated to lines on a map. Fishermen being who they are cannot be expected to follow this exactitude. But that is no excuse. As a matter of fact, even theoretically, the economic zones are not very clearly defined.

This is a matter which our Foreign Ministry should take up with Malaysia. In one large triangle of the sea where the Malaysia and Thai economic zones converge there seems to be no clear understanding about the fishing rights. This must be cleared by negotiations between qualified personnel from both countries.

Only when such clear lines have been drawn about the fishing rights can our naval vessels take part. A naval vessel will have the qualified men to note exactly

where Thailand's fishing rights end and another country's begin. They have reached the limit of the fishing zone and should not proceed any further. Of course there will be desperados who will sneak in another country's waters but they have to be prepared to suffer the consequences.

/9716

CSO: 4207/166

THAILAND

THE NATION SAYS CHAWALIT SETS UP 'THINK TANK'

BK200148 Bangkok THE NATION in English 24 Mar 87 p 1

[Text] Army Commander-in-Chief Gen Chawalit Yongchaiyut has set up an informal "think-tank" to put a more refined touch to his public statements and improve coordination among key army directorates.

An informed army source told THE NATION yesterday that Gen Chawalit ordered Army Chief-of-Staff Gen Wanchai Ruangtrakun to form the "think-tank" last week.

Gen Wanchai recommended Deputy Army Chief-of-Staff Lt Gen Charuai Wongsayan to head the group, the source said.

The group will include experts from various fields such as operations, logistics, and civilian affairs.

The source said Lt Gen Charuai was recommended because he handles civilian affairs for the army.

The move to form the "think-tank" came amid criticisms that Gen Chawalit has made public statements, especially during impromptu interviews by journalists, that caused dismay in the government.

In one such impromptu interview on Mar 16, Gen Chawalit dropped strong hints that he believes some Cabinet members are incompetent and that the government policy is not serving the majority of the farmers, and that the national development policy should be directed toward making Thailand an "agricultural super-power" instead of a newly-industrializing country (NIC) which the government wants Thailand to be.

On the following day, one aide to Gen Chawalit announced that the army chief would no longer allow impromptu interview, and would talk to the press only during a formally-held press conference like in the case with the premier. The premier talks to the press only in his monthly press conference at Government House.

The "think-tank" will help refine Gen Chawalit's ideas for public pronouncement, put his ideas in instructions, and perhaps reduce his workload, the source said.

The move is a clear departure from the leadership style of Gen Chawalit who has often surprised his staff officers with his initiatives, the source noted.

The source added that the restructuring plan of the Internal Security Operations Command (ISOC), and his address in Chiang Mai in which he dissected the Thai political system and compared political parties to business enterprises were original ideas of Gen Chawalit.

It was also Gen Chawalit's idea to release the army's white paper to clarify his own concept of patiwat last Saturday, the source said.

The white paper emphasizes that Gen Chawalit's patiwat means a peaceful revolution of the political system, not a coup.

Gen Chawalit agreed with other top army generals that such a "think-tank" could also help improve coordination among various key army directorates, the source said.

The army has requested an allocation of about 800 million baht to build the army headquarters which will for the first time house all important army offices under the same roof. The army reasons that physical proximity will improve coordination among army directorates.

After Gen Chawalit was appointed the army chief to succeed Gen Athit Kamlang-ek last May, he set up a committee to review promotion of senior army officers. The move then was aimed at dispelling fears among followers of Gen Athit that Gen Chawalit would be biased against them.

The promotion committee was then headed by Gen Wanchai.

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CSO: 4207/166

#### 4 JETS CRASH IN 'BLACKEST DAY' OF AIR FORCE

BK280223 Bangkok BANGKOK POST in English 28 Mar 87 pp 1, 3

[Text] Three F54 jet-fighters and a T37C trainer jet crashed yesterday, killing four pilots in the blackest day of the Royal Thai Air Force's [RTAF] 72-year history.

The crashes occurred separately in Nakhon Ratchasima Province and Bangkok as the RTAF celebrated its 72nd anniversary, highlighted yesterday morning by flying demonstrations of 102 aircraft of various types over Don Muang Airport.

The three F5As crashed while on their way to take part in the air show, while the T37C plunged to the ground shortly after its tail section broke off while performing an aerobatic stunt with three other aircraft.

Defence Minister Air Chief Marshal Phaniang Kantarat said he was shocked by the incidents and extended his condolences to the families of the dead pilots.

RTAF Secretary Air Vice Marshal [AVM] Sommot Sunthrawet said the crashes were the worst accidents in the history of the Thai Air Force.

AVM Sommot said all three F5A pilots were believed killed when their aircraft crashed into a mountain about 19 kilometres from Pak Chong District of Nakhon Ratchasima.

Sources said the three jets were among six F5As stationed at Wing 23 in Udon Thani Province which were sent to the RTAF's airbase in Nakhon Ratchasima to take part in the air show.

The aircraft had conducted flying rehearsals to Bangkok from the Nakhon Ratchasima airbase for two days before yesterday's scheduled mission.

The sources said the six planes left the Nakhon Ratchasima airbase at 10 a.m. but radioed the RTAF about five minutes later for permission to cancel the mission, saying they were encountering strong turbulence along the way.

Three of them made it back to the Nakhon Ratchasima base safely but ground controllers lost contact with the other three aircraft shortly before the first three jets returned.

An intensive search was ordered before it was reported to local police about noon that the aircraft had crashed into the 200-metre-high Khao Sisiat in Village No. 9, Tambon Klangdong of Pak Chong District.

Local villagers and monks in Wat Theppithak Punnaram near the crash site said they heard a very loud explosion before a big plume of smoke was seen rising from the mountain.

The accident took place during heavy rain.

The RTAF yesterday identified the F5A pilots as Flight Lieutenants Somkiat Sirimongkhong and Somchok Sukkaeo, and Flying Officer Thotsaphon Thuraphan.

Rescue teams of local policemen and RTAF personnel yesterday found small pieces of flesh, twisted metal and charred remains of the three aircraft strewn over radius of 500 metres.

One of the jets reportedly missed a building in the wat's living quarters by only about 30 metres.

The sources said the RTAF had 14 F5As in service. The crashed F5As were commissioned in 1976.

The crash yesterday was the third incident involving RTAF F5s, the sources said.

In Bangkok, spectators at the air show including top RTAF leaders and other senior military officers watched in horror as another doomed RTAF jet plummeted to the ground after its tail section broke off while performing an aerobatic stunt with three other aircraft.

It was not immediately known what caused the tail section to break off, but it was believed that the crashed T37C trainer jet was nicked in the rear by another aircraft in the group.

"The plane was seen colliding with another jet in the formation while making a second somersault in the clover-leaf pattern before losing its tail section and crashing to the ground," said RTAF Secretary AVM Sommot.

The second pilot of the twin-seater plane managed to eject himself out in time. He injured his shoulder after his parachute got entangled in a high-tension power line.

The ill-fated T37C was among four aircraft sent from the Kampuchea Saen Flying School to participate in the air show.

AVM Sommot said the killed first pilot, Wing Commander Wibun Chotikanon, was an instructor at the flying school and leader of the group.

The surviving pilot, Flight Lieutenant Uthit Phakphum, said he warned the first pilot three times to eject himself out first but Wing Cmdr Wibun was apparently trying to control the crippled plane.

The jet nosedived into a field just north of the runway at Dong Muang.



## THAILAND

### 25 MORE CPM INSURGENTS SURRENDER IN SOUTH

BK290408 Bangkok THE NATION in English 29 Mar 87 p 2

[Text] Twenty-five guerrillas of the outlawed Communist Party of Malaya (CPM) surrendered to Thai authorities in the southern province of Songkhla on Friday, a field military source disclosed yesterday.

The source said the 25 armed insurgents affiliated with the CPM's Songkhla-based 8th Regiment gave themselves up to Thai security officers in Songkhla's Sadao District.

Earlier on March 14, 89 insurgents of the 8th Regiment surrendered en masse and turned over their weapons and ammunition to Thai soldiers in Songkhla.

The source, who requested anonymity, said the Fourth Army Region has been negotiating with members of the CPM's regiments, trying to convince them to lay down their arms.

The army plans to organize a ceremony for the official surrender of the CPM insurgents in the South early next month.

Meanwhile Fourth Army Commander Lt Gen Wisit Atkhunwong said the army will put on display weapons surrendered to authorities by the CPM guerrillas at the Army Auditorium on Wednesday.

The weapons to be put on show will include about 300 rifles of the defectors of the 8th Regiment, he said. Apart from the arms display, the general will preside over a news conference on the security situation especially on the CPM insurgency in the South at about 1:30 pm.

An estimated 1,500 CPM insurgents have been waging guerrilla warfare against Kuala Lumpur from clandestine outposts along the Thai-Malaysian border, but their influence has been weakened over the past years due to concerted military actions by Thai and Malaysian troops.

Kuala Lumpur has reportedly asked Thai authorities to send CPM guerrillas who are Malaysians back to Malaysia promising that all of them will be treated fairly.

CPM guerrillas who are Thais will be settled in a self-help village far from the border area; some of them will also volunteer to help recover landmines in the border area.

Thai authorities believe many more CPM guerrillas will decide to give up their armed struggle against the Malaysian Government and surrender.

A meeting of the Thai-Malaysian Border Committee will be held in Penang early next month to discuss the surrender of CPM guerrillas.

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CSO: 4207/166

DOCUMENT DETAILS COMMUNIST MOVEMENT

BK221051 Bangkok KHAO PHISET in Thai 11-17 Mar 87 pp 25-27

[Text] Over the past 4-5 years, there has been much talk about the "Green Star," "Yellow Star," or "Phak Mai" communist movement, which is known as the Thai People's Revolutionary Movement, but no conclusion has been made to end confusing reports and information.

KHAO PHISET has obtained an intelligence document from a military organization which gives details on several aspects about this movement, past and present. We would like to present it to our readers as the document reflects the views of Thai authorities regarding this movement.

KHAO PHISET is not for or against this document. We are only presenting it for the information and judgment of our readers. Following is the summary of this document:

I. The Green Star Movement

A top secret document prepared by the CPT [Communist Party of Thailand] Central Committee for information of members of provincial committees and high-level leaders says:

1. The Green Star movement really exists. It is active in the upper and the lower parts of the northeast, operating in small bands. The purpose of the movement is to recruit members as supporting base for foreign elements which will arrive for the liberation of Thailand, similar to what Vietnam did in Cambodia. Anyway, it is still unclear whether the group is the same as the Thai People's Revolutionary Movement. The Green Star movement is not successful in expanding membership among the masses. It is therefore very unlikely that the movement has as many as 200 or 300 armed elements. There is no connection between the CPT and the Green Star movement.

2. Activities of the Green or Yellow Star movement have been reported in the Phuphan range in Nakhon Phanom and Mahasarakham Provinces, in Phu Khieu, Chaiyaphum Province, on the lowland and in the jungle of Ubon Ratchathani Province, in Phumiang which is the joint border between Chat Trakan District of Phitsanulok and Nam Pat District of Uttaradit Province. It is noteworthy that some reports say certain members of the group look like Lao or Vietnamese soldiers and do not speak Thai correctly.

3. From close observation, members of the Thai People's Revolutionary Movement never carry insignia bearing a green star or a yellow star. Interrogations of the movement's members who gave themselves up between 1983 and 1985 revealed that none of them had ever been aware of, heard of, or seen any member of the Green Star movement.

4. At present, no conclusion can be made to define which group of communist terrorists the Green Star or the Yellow Star movement are. It should not be the same group as the Thai People's Revolutionary Movement. In general, a new revolutionary movement would depend on support either from the Soviet or Chinese bloc, especially in the beginning when it still lacks support from the local masses. Short of such support, it would be impossible for the new movement to operate.

#### Conclusion for probability

The Green Star or Yellow Star movement could be:

1. A once-active group of CPT forces or a progressive faction in the CPT which does not want to cling too closely to the Chinese line. It has adopted a new symbol for the group, that of the green or yellow star, to avoid using the red star which is the symbol of the Chinese Communist Party.

2. Forces sent by Laos and Vietnam for concerted operation with the Phak Mai communist terrorists, which is different from the Thai People's Revolutionary Movement, in order to spy in Thailand, or to mount mop-up operations against resistance groups operating along the Thai-Lao or Thai-Cambodian border areas.

#### II. Establishment of the Thai People's Liberation Movement in 16 or 17 Provinces

1. The Lao Office of the Chairman of the Council of Ministers on 4 July 1981 issued Order No. 9 on the setting up of the said movement. It comprises the following committees:

1.1 The Presidium, with Vice Premier Sali Vongkhamasao as chairman

1.2 A 3-man board of advisers from the Soviet Union

1.3 A 3-man board of advisers from Vietnam

1.4 A 7-man political executive committee

1.5 A 13-man military executive committee with members including Bunyen Wothong.

2. The movement received \$1 million from the Soviet Union, and \$200,000 from Cuba as financial backing.

3. Materialization of the movement--the Lao government grouped into one new party several groupings of Thai people under the name of the Thai People's Revolutionary Movement.

4. The movement has not made much progress. The faction led by Bunyen Wothong (Comrade Prakop, Thongchai, Man) has less than 100 operating members. One reason for this is the power struggle within the movement. Khaisaeng Suksai left for Thailand because of it.

5. The Thai People's Revolutionary Movement gives the following assessment of Thailand: "Thailand is a neocolony under the domination of monopoly capitalism and feudalism. The country has no independence, and the people no real democracy."

6. The Thai People's Revolutionary Movement has divided its operations into four zones equivalent to regional committees. They are:

6.1 The Sayaboury zone, with headquarters at Na Tak camp, Sayaboury Province, responsible for activities in Nan, Uttaradit, Phitsanulok, and Loei provinces in Thailand. Comrade Muangthong (Nai Pruang Chomphu) is in charge.

6.2 The Khammouane zone, with headquarters at Ban Nong Song, Tambon Ban Khang, Mahachai District, Khammouane province, responsible for operations in Nakhon Phanom, Mukdahan, Nong Khai, Udon Thani, and Sakon Nakhon provinces of Thailand. Comrade Sakda (Nai Sithat Ratchasit) is in charge.

6.3 The Savannakhet zone, headquarters not known. Operational areas in Thailand cover Ubon Ratchathani, Yasothon, Roi Et, and Mahasarakham provinces. Comrade Chaidan is in charge.

6.4 The Champassak zone, headquarters not known. Operational areas in Thailand not known. Comrade Thanong and Comrade Sa-ngop are in charge.

#### Conclusion

Under the given conditions, the chances are very remote that the Thai People's Revolutionary Movement will liberate Thailand. The movement has several weak points.

1. It lacks support from the local people because it operates under guidance of the Soviet Union, Vietnam, and Laos. This gives the impression to the local people that foreign soldiers will come to liberate Thailand. The movement therefore lacks the support of the masses, and this has resulted in its failure to push ahead with the revolution--the same reason for the weakening of the CPT.

2. In this connection, the movement has to operate clandestinely, without a publicized policy, strategy, or tactics. They have even claimed themselves to be Lao liberation soldiers. This has made it difficult for the movement to carry out propaganda and enlist the masses.

3. The Thai People's Revolutionary Movement was set up in Laos. It lacks support from the masses in Thailand. It is dependent on Laos and Vietnam. This can be compared to the CPT in the stage when it was still dependent on international assistance. The CPT suffered setbacks when support from abroad declined, despite the fact that the CPT enjoyed a broader base of support among the masses.

4. Members of the movement are mostly inefficient. Although some were former CPT members, they joined the movement out of hope for a better future. In reality they have had to cope with material difficulties and the power struggle within the party. They also became disillusioned because they were under strict control from Laos and Vietnam.

5. Laos and Vietnam emphasized campaigns to mobilize and enlist the masses in the northeast of Thailand because their goal is to liberate the 17 northeastern provinces in Thailand. The leaders or members of the Thai People's Revolutionary Movement, however, want to liberate all of Thailand, not just the northeast. This is the continuing conflict. Based on the concept of common forces of the Indochina Federation, members of the movement have been deployed for operations against the resistance groups in Laos and Cambodia while waiting for a revolution in Thailand--without knowing when it will come.

/9716

CSO: 4207/166

MINISTRY 'SOURCE' DEFENDS CONTROVERSIAL RICE EXPORT POLICY

BK250215 Bangkok THE NATION in English 24 Mar 87 p 17

By Peter Maitri Ungphakon]

[Excerpt] The government will continue with its controversial rice export policy if the need arises, but for the time being further deals of the most contentious type are not being contemplated, a highly placed source in the Commerce Ministry said yesterday.

Speaking on condition of anonymity, the source gave the first full account of the deals, which include 250,000 tonnes sold mainly to Iran, 150,000 tonnes sold through a little known broker to a number of buyers, and 200,000 tonnes sold to China.

The first two deals are unusual in that they are Thai Government sales to private buyers. They are particularly controversial because the buyers turn out to be agents acting on behalf of Thailand's three largest exporters, Capital Rice, Hong Yia Seng and Sun Hua Seng who ministry [as published] appears to be bailing out from possible trading losses.

These deals are now a political issue, with the Opposition planning to grill Commerce Minister Montri Phongphanit in Parliament on the Iran deal.

The source defended the deals as the only possible means of allowing paddy prices to rise in the season when farmers still possess the crop. He said the government's Rice Policy and Measures Committee on February 27 studied the details--which by then were being exposed in the press--and authorized the ministry to continue the policy even if Thai private exporters are involved.

But he said the deals have fulfilled the government's purpose of moving large stocks accumulated by price support purchases, and further deals would raise prices too far.

/9716

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OFFICIAL SAYS PADDY PRICE REACHES 6-YEAR HIGH

BK250249 Bangkok BANGKOK POST in English 25 Mar 87 p 15

[Text] The paddy price has risen to 3,000 baht/ton for the first time in several years, Foreign Trade Department Deputy Director-General Pracha Charutrakunchai said yesterday.

Mr Pracha said 5 percent paddy fetched 3,000 baht/ton in Lop Buri last week, the highest price for the past six years.

The highest price fetched was in 1982/83 crop year when it went up to 3,750 baht/ton, he said.

For 10 percent, 15 percent and 25 percent paddy rice, the price was 2,900, 2,850, and 2,800 baht respectively.

Mr Pracha said low quality paddy price also went up to 2,750 baht.

For 100 percent Hommali paddy rice, the price went up by 3,400 baht, while for 5 percent, 10 percent and 25 percent rice the price was 3,300 baht, 3,200 baht and 3,100 baht respectively.

He said the price increase was mainly due to measures jointly taken by the Rice Policy Committee in providing money to the Interior Ministry, the extension of soft loans to rice mills and the Bank for Agriculture and Agricultural Cooperatives' rice pledging measures.

Also, he said the Commerce Ministry's 11 purchases of rice from exporters in recent months amounting 1,100,000 tons had contributed to the price increase.

Although there is a shortfall of about two million tons of paddy this year, he said prices would not have improved without these contributing factors.

Mr Pracha said the arrival of several ships next week to export the produce would increase the paddy price.

Also, a trade delegation would arrive from Malaysia to negotiate the purchase of 150,000-160,000 tons next week, he added.

/9716

CSO: 4207/166



THAILAND

GOVERNMENT ASSISTANCE TO RICE FARMERS DISCUSSED

BK281024 Bangkok Domestic Service in Thai 1300 GMT 27 Mar 87

[Text] Admiral Sonthi Bunyachai, deputy prime minister, chairman of the Rice Policy Committee, and chairman of the Rice Exports Committee, and Commerce Minister Montri Phongphanit gave a special interview on the television pool program on 26 March at 2000 [1300 GMT] on the topic of "The Government and the Rice Trading Policy." Professor Dr Witsanu Khruangam acted as moderator. The program can be summed up in major points as follow.

The government has, since December 1986, or for more than 4 months now, implemented several measures to shore up paddy prices, especially measures aimed at helping small farmers to have better negotiating power. Government agencies in charge of implementation of those measures are: the Agriculture and Cooperatives Ministry, the Interior Ministry, and the Commerce Ministry. Their service is to buy paddy from farmers throughout the country. Meanwhile, the Commerce Ministry, and the Rice Exports Committee tried to release domestic rice surplus to overseas markets as quickly as possible. They directly entered into rice deals with the private sectors abroad. As to charges saying the government, through the Commerce Ministry, exported rice at a loss to the government, the government in fact earned a better price from rice exported than rice sold by some other countries. The government in fact made profits from the sales. Anyway, the price earned from rice exports is lower than the price of paddy bought by the Commerce Ministry domestically. The reason for this is to help boost the price of paddy in the country. The loss suffered by the government was a gain for farmers in Thailand. The government's move was meant to help small farmers in the country.

The deputy prime minister stressed in conclusion that the exports of rice by the Commerce Ministry were in keeping with the government's rice policy and planned measures. The move taken was correct. What needs to be done next is cooperation by all sectors to seriously solve the problem of paddy. This includes efforts to stabilize paddy prices and maintain the quality of Thai rice. Traders must be fair and honest in their dealings. All sectors must join with each other in order to solve the problem seriously and continuously as it involves national survival. All sectors should be willing to correct the situation, that is to solve the problem of paddy prices for small farmers in the country, giving them negotiating power by boosting paddy prices for them.

The Rice Policy Committee recently held a paddy marketing fair in Udon Thani Province for farmers and traders. It helped farmers to present their products directly to dealers without having to transport their paddy to markets as previously.

CENTRAL BANK SETS MONETARY GUIDELINES

BK270201 Bangkok THE NATION in English 27 Mar 87 pp 17, 19

[Text] The Bank of Thailand yesterday came out with a three-point, clear-cut monetary policy for commercial banks, involving the directives for interest rate trend, foreign exchange holding or net foreign position. The authorities will introduce more measures to absorb the prevailing excess liquidity in the market.

The executive committee of the Thai Bankers' Association [TBA] led by Chairman Chatri Sophonphanit met with top officials of the central bank to seek the country's monetary policy direction. The central bank, therefore, came out the three-point guidelines to clear the doubts.

Deputy Governor of the central bank, Chawalit Thanachanan, said the result of the meeting was a clear monetary adopted by the government for commercial banks to adjust their position.

The first point is for commercial banks to reduce the lending rates further to cut the margin between the lending and deposit rates. The second is for the commercial banks to maintain foreign exchange holding or the net foreign position at 20 percent of their respective capital fund within April 2, which will be down from the 40 percent at present.

The third point is for the central bank to have additional instruments to absorb the excess liquidity in the banking system through the repurchase market, where bonds are traded for short-term funds. By this, the Bank of Thailand will issue bonds with short-term maturity to help commercial banks which want to adjust their liquidity position.

Chawalit said that commercial banks have been well aware of the central bank policy all along but they were inclined to seek guidance whenever they faced problems. "If the situation continued this way, the commercial banks will be more cautious," he said.

Chawalit pointed at the vast margin between the deposit and lending rates, taking into consideration the current economic situation which sees slow recovery in investment. At the same time, the inflation rate is only two percent.

The minimum lending rate currently at 11.5 percent for prime customers and the ordinary borrowers at 14-15 percent reflect clear disparity particularly when the London interbank offered rate is only 6.5 percent. "The central bank thinks that the commercial banks are still in the position to reduce the lending rates further to narrow the margin," said Chawalit.

The present one-year fixed deposit rate is 7.25 percent before income tax deduction while the savings account interest rate is only 5.5 percent. Chawalit said the two rates are reasonable and should not be cut further as there would be adverse impact on the deposit pattern.

Chawalit said that the commercial banks can still reduce the lending rates because they are charging only 14 percent in general, which is below the ceiling rate at 15 percent. "It might create a better perception from the public towards commercial banks," said Chawalit who quickly pointed out that the central bank will not force commercial banks to reduce the lending rates.

Chawalit explained that the requirement for banks to maintain the net foreign position up to 20 percent of their respective capital funds, is to adhere to what is regarded as prudent banking. "We have to maintain an equilibrium or a square position for the country's foreign exchange holdings so that there is no over-bought or over-sold situation," said Chawalit.

Commercial banks have been given six months, whereby they could hold until 40 percent of net foreign position of their capital fund. This will end on April 2. Chawalit said banks can gradually sell their foreign exchange holding to the Exchange Equalization Fund. [EEF]

Chawalit said the authorities were aware that the banks would be more loaded with excess liquidity if they have to sell foreign exchange to the EEF. The authorities have two measures to tackle the problems.

The first is to absorb the excess liquidity through the repurchase market whereby the period of holding will be extended to three and six months. Banks can invest in the repurchase market with interest rates not much lower than the present level. The central bank can absorb up to 4,000-5,000 million baht of the excess liquidity. The central bank will issue bonds which will lead to more open market operations.

The current situation, said Chawalit, is suitable for the authorities to employ this instrument to boost flexibility in the money market. However, the bond issue has to be approved by the Finance Ministry.

Chawalit said banks can adjust themselves by repayment through the rediscount facility which still has 20,000 million baht. Even with a repayment of 5,000 million baht, the excess liquidity will be substantially lower.

The reduction of the net foreign position will increase the money supply by 5,000-6,000 million baht. "There would not be problems if they can manage the surplus funds. During the past two weeks, the country boosted the international reserves by US\$200-300 million through increasing purchase of foreign exchange," he said.

The reserves are the highest for several years, he said. Bangkok Bank President Chatri Sophonphanit said banks have learned about the clear monetary policy and they have to adjust their position accordingly. The commercial banks also brought to the attention of the central bank the issue of credit extension to farming and rural activities.

The TBA will discuss the question of interest rate reduction again. Chatri said banks would not cut the deposit rates because they may bear the brunt of public criticism. Though the ceiling for lending rate has not been reduced from 15 percent, borrowers in the provinces can have funds at 13.5 to 11.5 percent per annum.

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CSO: 4207/166

## BRIEFS

PROGRESSIVE PARTY ELECTS OFFICERS--The annual meeting of the Progressive Party on 21 March elected the following deputy party leaders: Bunkoet Hirankham, Colonel Thongchai Niphitsukhakan, Phaithum Mookhamakun, Sonsin Aphiwat, Sanit Chomsakun, and Chamlong Thongdi. Kraison Nanthamanop was elected party secretary, while Chaiyot Sasomsap, Phongsak Rattaphongphaisan, Suriya Chirayutnawaket, and Chammi Sakset became deputy party secretaries general. The meeting also elected a 33-member party executive committee. [Text] [Bangkok Television Service in Thai 1300 GMT 21 Mar 87 BK]

POLISH AMBASSADOR COMPLETES ASSIGNMENT--At 1555 on 24 March his majesty the king received Andrzej Majkowski, the Polish ambassador, and his wife. The ambassador was taking leave of the king upon completion of his assignment in Thailand. [Excerpt] [Bangkok Domestic Service in Thai 1300 GMT 24 Mar 87 BK]

BALANCE OF PAYMENTS SURPLUS--The country's balance of payments recorded a surplus of 7,800 million baht during January and February this year, according to the Bank of Thailand. The figure was 3,200 million baht higher than that of the same period last year. This was attributed to the sharp rise in the net capital inflow, which was 4,000 million baht higher than the January-February period of last year. On the country's trade balance, deficits rose to 6,000 million baht during the first 2 months of this year as against 5,200 million baht last year. About 39,300 million baht worth of goods were exported during January-February, while imports reached 46,000 million baht, representing an increase of 12.5 percent. Imports of raw materials recorded the highest growth rate. [Summary] [Bangkok Voice of Free Asia in English 1500 GMT 25 Mar 87 BK]

TRADE AGREEMENT WITH TURKEY--Thailand and Turkey have signed a trade agreement to boost bilateral economic cooperation. The accord was signed on 23 March at the Commerce Ministry by the Thai commerce minister and Turkish Minister of State Vehbi Dincerler. The commerce minister said Turkey wanted to sell more machinery, steel, and fertilizer to Thailand. Thailand now exports rice, tin ore, and maize to Turkey. [Excerpts] [Bangkok Voice of Free Asia in English 1500 GMT 26 Mar 87 BK]

CANADIAN DEVELOPMENT AID--On 26 March in Bangkok, Thailand and Canada have signed seven memoranda of understanding worth about 399 million baht in aid of Thai development projects financed through the Canadian International Development Agency [CIDA]. The signing was witnessed by visiting Canadian

External Relations Minister Monique Landry. Landry also announced a new 666 million baht aid program called Enterprise Thailand Program, aimed at enhancing Thai-Canadian private sector cooperation. She said the program would support major goals of Thailand's sixth 5-year plan to encourage Canadian firms to cooperate with the Thai private sector in the designing and financing of selected public and private projects which could benefit from Canadian skills and technology. Since 1981 Canada has provided about 1,500 million baht to various Thai projects through CIDA. [Excerpts] [Bangkok Domestic Service in English 0000 GMT 28 Mar 87 BK]

AVIATION ACCORD WITH BURMA--The cabinet meeting on 24 March approved an agreement reached between Thai and Burmese officials on 7 November 1986 for Thai Airways International to increase flights through Burmese airspace to the Indian subcontinent, the Middle East, Europe, and other points. The agreement increases weekly flights through each other's airspace from 40 to 48. Burmese-designated airlines can operate eight flights a week on the route between Rangoon and Bangkok, while Thai-designated airlines can operate three weekly flights on the same route. The agreement is valid for 3 years from 7 November 1986. [Summary] [Bangkok Voice of Free Asia in Thai 1030 GMT 25 Mar 87 BK]

TEXTILE EXPORT FIGURES--Thailand last year exported textile products worth 29 billion baht, an increase of 23.1 percent. The increase was due to the fact that some countries that used to buy yarn and fabric from Japan bought more from Thailand, the U.S. textile protectionist bill failed to get congressional approval, and the international textile trade agreement was renewed until 1991. In addition, Thailand has also expanded the European and nonquota markets. Thailand's textile and garment exports are expected to increase by about 6 to 10 percent this year, and the European market will be the major one. [Summary] [Bangkok Domestic Service in Thai 0000 GMT 20 Mar 87 BK]

CAMBODIAN REFUGEE FIGURES--The Supreme Command Information Office has reported on the situation of Cambodian war refugees and illegal immigrants living along the Thai-Cambodian border for the 1st week in March. It said that there are 274,672 Cambodian refugees and illegal immigrants; 62,545 of them are in the north in Sisaket and Surin Provinces; 174,836 in the central area in Prachin Buri Province--143,914 at Site II [Roman two] of Ta Praya District and 30,922 at Site VIII [Roman eight] in Khlog Hat Subdistrict; and 37,291 in the south in Chanthaburi and Trat Provinces. [Summary] [Bangkok Voice of Free Asia in Thai 1030 GMT 20 Mar 87 BK]

SUGARCANE HARVEST DOWN--Thailand's sugarcane output harvested during the 1986/87 crop year was 23.55 million tons, a drop of 0.54 million tons or 2 percent compared with the 1985/86 harvest. The total production was reported after a preliminary survey was conducted in January by the Agriculture and Cooperatives Ministry's Office of Agricultural Economics [OAE]. The OAE reported that the plantation area during 1986/87 amounted to 3.37 million rai at an average yield per rai of 6,989 kg. This was 0.97 million rai or a 2 percent drop in the planted area compared with the previous crop year and the yield per rai was also lower by 8 kg. [Excerpt] [Bangkok BANGKOK POST in English 31 Mar 87 p 28 BK]

OFFSHORE GAS DELIVERIES--Deliveries of natural gas from the Gulf of Thailand to the Petroleum Authority of Thailand [PTT] have started to reach the 400-million-cubic-feet-per-day (MMcfd) mark, the highest since the supply came on stream six years ago. Statistics obtained from Unocal Thailand Ltd said the delivery of natural gas from its Gulf fields touched the 400 MMcfd mark for the first time on 15 February when a record 405.4 million cubic feet was taken. In January the average was 360 MMcfd and was 347 MMcfd in the first 14 days of February. The average offtake in the second half of February was 416 MMcfd. The increased offtake is in line with PTT policy to raise the supply for provision to its biggest gas consumer, the Electricity Generating Authority of Thailand, which has raised its gas intake from the 1986 average of 238 MMcfd to 266 MMcfd in January and 298 MMcfd in February. PTT has told Unocal that it will try to stabilise the gas offtake at an average of about 400 MMcfd throughout 1987. [Summary] [Bangkok BANGKOK POST in English 31 Mar 87 p 28 BK]

FOREIGN EXCHANGE CONTROLS RELAXED--The Finance Ministry has approved a proposal by the Bank of Thailand to relax the control on foreign exchange transfer for Thai investment overseas. The new measure will allow the Thai people, who are moving overseas, to take out a maximum of U.S. \$100,000 to purchase foreign properties. The maximum limit for property transfer abroad to relatives has also been increased to U.S. \$20,000 from U.S. \$10,000 a year. The relaxation is aimed at promoting Thai investment abroad in line with the improving world economic situation and the need by Thai corporate entities to expose themselves more in foreign markets. [Text] [Bangkok Voice of Free Asia in English 1500 GMT 24 Mar 87 BK]

RICE PRICES INCREASED--The Board of Trade's Rice Committee decided at its weekly meeting yesterday to increase the prices of various types of rice for both domestic and export during the week March 18-24. The price of first class 100 percent grade white rice was increased by two baht per picul. The prices of other types of rice increased by three baht per picul with the exception of glutinous rice and glutinous broken rice which remained the same and parboiled broken rice which rose by five baht per picul. The export prices of high grades white, broken, parboiled, and cargo rice increased by 3 dollars per ton FOB. However, the export prices of 20 percent grades white rice and mixed grade white rice increased by U.S. 5 dollars per ton. The increase reflects the domestic market situation which has improved continuously during the past few weeks. Meanwhile, the price of broken rice in Bangkok increased further by two-three baht per picul. The price of other types of rice remained unchanged but was described as strong. [Excerpt] [Bangkok BANGKOK POST in English 19 Mar 87 p 17 BK]

DEFECTORS IN REHABILITATION COURSE--Yala--Twenty-five defectors from the Communist part of Malaya who surrendered on Tuesday have been brought to this province for an army rehabilitation course, an army source said yesterday. The CPM members, who had been hiding in various provinces including Bangkok, decided to give themselves up when they learnt that the government would guarantee their safety, the source said, adding that the guerrillas had been in the jungles in this province before going into hiding. In other developments, a senior military officer said yesterday that Thailand would ask Malaysia to help ensure the success of the amnesty programme because Malaysia would benefit from

a solution of the insurgency problem. The source would not say what help Thailand would seek from Malaysia but did say that Malaysia should help share the cost of supporting CPM members who surrender. Fourth Army Commander Lt-Gen Wisit Atkhumwong will hold his first press conference next Wednesday at Senanarong military camp in Hat Yai, Songkhla Province. Fourth Army spokesman Col Banchon Chawasin said weapons, ammunition and explosives that have been handed over by CPM defectors would be shown to journalists. [Text]] [Bangkok BANGKOK POST in English 28 Mar 87 p 3 BK]

RICE EXPORTS UP--Rice exports this month are expected to exceed 450,000 [metric] tons, far beyond that were shipped out in February. According to statistics, a total of 348,793.62 tons have been exported in the first 22 days of this month, bringing the total export from January-March 22 up to 1,129,770.62 tons. A total of 780,976.99 tons of rice were exported during the first two months of this year--389,050.36 tons in January and 391,926.63 tons in February. Of the 1,129,770.62 tons of rice shipped out during the January 1-March 22 period, 330,446.99 tons were exported by the government and 779,323.63 tons by private exporters. [Excerpt] [Bangkok BANGKOK POST in English 24 Mar 87 p 17 BK]

COOPERATION WITH CANADA--Thailand and Canada this morning signed agreements for seven development projects worth about 400 million baht to boost development cooperation between the two countries. Signing on behalf of Thailand at the Regent Hotel was Mr Wanchai Sirirattana, director-general of the Department of Technical and Economic Cooperation and Canadian Ambassador Mr John L. Paynter on behalf of his government. [Text] [Bangkok BANGKOK WORLD in English 26 Mar 87 p 1 BK]

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